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## NEWS SUMMARY

### Two killed as siege ends

FRENCH POLICE last night fought a gun battle with security guards at the Iraqi embassy in Paris, after negotiating the surrender of an Arab terrorist who had held eight people hostage in the building since the morning.

Police said that the terrorist's papers identified him as a Palestinian but did not give his name or place of residence.

A policeman and embassy guard were killed, and two other policeman and the terrorist wounded in the shoot-out, which happened as police led the terrorist to a car.

The police inspector in charge of the operation said that the embassy guards opened fire, in spite of the fact that the terrorist was already being held by two plain clothes policemen.

Members of the French anti-terrorist squad hidden in nearby doorways immediately returned fire and stormed the building. Two of the guards were arrested. Two terrorists had forced their way into the building in the morning. When challenged by security guards, one ran away, but the other threw a grenade and started shooting before taking the hostages, one of whom was seriously injured.

During negotiations later with Arab ambassadors in Paris, the gunman demanded an aircraft to take him to London, where he intended to negotiate the release of a girl held by police after the grenade attack on the Iraqi ambassador's car last week.

The Iraqi news agency claimed that the terrorist was the brother of former Palestine Liberation Organisation representative Said Hamani, assassinated in his London office last January. But the French authorities have not confirmed this report. Page 3

#### GENERAL

### Police end jet sit-in

Police were called to Gatwick Airport last night to clear angry passengers from a Venice-bound plane forced to turn back with technical trouble. The Boeing 707 was already delayed by 27 hours because of the French air traffic controllers' dispute and passengers demanded an alternative flight or a refund.

The backlog of delays, now running up to 48 hours for some flights from the UK, is such that it is unlikely that airlines can clear it before the controllers' go-slow resumes for the weekend. Back Page

#### Poison alert

The Department of Health last night warned people not to eat canned salmon from Canada or the U.S., after four serious cases of food poisoning in Birmingham.

#### Letter bombs

Two letter bombs were sent to the Communist daily, the Morning Star, and to Collet's Left-wing bookshop, in London. A woman was slightly injured by the bomb at the newspaper office.

#### Lorry ban

Spain has banned lorries with dangerous loads from all roads at weekends and public holidays for three weeks after some 150 holidaymakers died when a tanker crashed into a Spanish campsite. Page 2

#### Sun talks fail

Talks with ACAS, management and journalists to solve the pay dispute that has stopped production at the Sun newspaper for eight days broke down last night. Page 9

#### Dividends Bill

The Dividends Bill, which extends statutory 10 per cent dividend controls for a further year, received Royal Assent last night and now becomes law. Fifteen other Bills, including devolution legislation for Scotland and Wales, also received Royal Assent. Page 8

#### Poster complaint

Labour Party has complained to the British Code of Advertising Practices Committee about a Tory poster purporting to show a dole queue, which in fact shows employees of the firm which produced the poster. Page 8

#### Permits granted

Argentinian World Cup soccer stars Osvaldo Ardiles and Ricardo Villa have been granted work permits to play for Spurs. Page 1

#### Briefly

Top floor of a Tehran hospital collapsed killing 11 patients. Two people were killed and nine hurt when a bus hit a queue in Kensington, London.

#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
<b>RISES</b>		
Faschee, 3pc 1983	2811	+ 1
Adams and Gibbon	81	+ 4
Aquascutum	51	+ 6
Bilton (Perry)	31	+ 3
British Mohair	33	+ 3
Brown and Jackson	160	+ 6
Comb. English Stores	120	+ 4
Faurell Elect.	340	+ 7
Flight Refuelling	157	+ 4
Fortnum and Mason	175	+ 25
Furness Witty	258	+ 9
Grant Bros.	98	+ 8
Hardy and Co. A	31	+ 7
Micknecott	72	+ 7
Pilkington	602	+ 17
Rickard	217	+ 11
UKO Intl.	189	+ 19
Charterhall	39	+ 31
Hauma Gold	60	+ 6
Pancontinental	124	+ 1
West Drie	288	+ 1
<b>FALLS</b>		
Nidland Bank	348	- 4
News Intl.	270	- 8
News Wood and Sons	43	- 12
BP	946	- 10
Hartbeest	214	- 1

## ICI stops work on new £80m Teesside plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

Imperial Chemical Industries is halting construction work on an £80m plant at Wilton, Teesside, because of uncertainty over the project's commercial viability.

The company is pressing ahead designed to allow the eventual doubling of capacity. At Wilton, ICI announced its £500,000 tonnes a year vinyl chloride monomer (VCM) plant, but it has suspended the investment in new VCM and chlorine plants, but it has now decided to halt work on the VCM plant even though work is advanced.

Parts of ICI's ambitious world-wide investment strategy have clearly been under threat for some months. Mr. Maurice Hodgson, ICI chairman, warned last month that the company's present profitability was too low to justify its plans. These call for expenditure this year of £700m and the sanctioning of further projects worth £800m.

ICI admitted yesterday that until some "commercial uncertainties" had been resolved the engineering programme for the VCM plant was being reviewed and "certain procurement work" was being suspended.

As another part of its world-wide chlor-alkali strategy the company announced last week that it was negotiating the £30m acquisition of chlorine, caustic soda and VCM plants from Allied Chemical in the U.S.

With the deferment of the UK project it is now possible that certain components ordered for the Wilton plant will be used at tonnes a year VCM plant. Wilhelmshaven.

Most of the civil construction work on the Wilton VCM site has already been completed.

Work on the site began more than a year ago but ICI appears to have calculated that in prevailing market conditions it would be more costly to complete the plant and have it standing idle, than to postpone construction and stand the costs of cancellation.

Meanwhile the company has been forced to close down another plant at Wilton because of the shortage of instrument artificers to look after control rooms. This is the fourth plant to be affected by an industrial dispute over the last two years.

It is starting a small petroleum resins plant, which manufactures chemicals to be used as paint additives. About 20 men are employed but the company says there is only enough work for about two more weeks.

At Huddersfield ICI is investing £5.5m to build a new biocides plant.

It will double ICI's existing capacity to some 3,000 tonnes a year and replace two existing units. Biocides are used as additives to kill bacteria in a wide range of products.

Labour News, Page 9

### 3% rise in food prices 'essential'

By David Churchill, Consumer Affairs Correspondent

FOOD PRICES will have to rise by at least 3p in the pound if Britain's food and drink processing industry is to survive in its present form, Sir Hector Laing, chairman of the Food and Drinks Industries Council, claimed yesterday.

His warning came at the same time as figures published yesterday disclosed that profit margins in the industry, the country's third largest employing over 700,000 people, had slumped to their lowest level for three years.

Sir Hector, who is also chairman of United Biscuits (Holdings), said Government price controls had hit the industry's profitability. The effect of a continuing slump in profitability would lead to a sharp rise in unemployment, a cut in competition, and a growth in food imports.

The council's statistical analysis of 31 major companies in the industry, showed that pre-tax profit as a percentage of sales were down to 2.34 per cent in the first quarter of 1978. This compared with 3.44 per cent in the same period last year, and was the lowest since early 1975.

Adopting inflation accounting methods, profit levels were in fact minus 1.3 per cent in the first quarter this year. In 1971, the industry's profit margins were 6.3 per cent.

Profit margins had fallen in every quarter over the past two years, said Sir Hector, "a slippery slope which was on the point of becoming a dangerous slide."

In addition, he gave a warning that some sectors of the industry—such as baking and sugar—were in very real danger, as recent events and company results had shown.

The high street supermarket price war, however, was keeping public attention focused on keeping food prices down. "But we are all wage earners before we are consumers," he added.

Sir Hector denied that the claims were the "exaggerated bleatings" of a "wealthy industry." He said many other industries in recent years, such as cars, motorcycles, and ball bearings, had suffered disastrously because they were unable to make sufficient profit to plough back in new investment.

"The continued bureaucratic and political influence designed to hold prices artificially low to satisfy the political aims of cheaper prices for the consumer, while at the same time pursuing policies in other directions having precisely the opposite effect, has driven the industry to profits," Sir Hector added.

## Rhodesians return after border raid

BY TONY HAWKINS

SALISBURY, July 31

RHODESIAN security forces have returned home after the weekend raid into neighbouring Mozambique in which they effectively "neutralised" ten guerrilla bases, said an official communique tonight.

The Rhodesians had suffered one minor casualty, but gave no indication at all of what the guerrilla losses might have been.

Rhodesian Combined Operations headquarters first announced the raids into Mozambique, believed to have started on Saturday, on Sunday afternoon.

The communique said operations against bases of the Patriotic Front's ZANLA wing, which is headed by Mr. Robert Mugabe, were successfully completed.

"As a result of the self-defence operations against these terrorist bases, the intended disruptive effects have been achieved."

In Salisbury there is surprise at the failure to give any guerrilla casualty figures.

After the raid into Mozambique last year the communique announced an estimated 1,200 guerrilla casualties.

With white morale in Rhodesia at a very low ebb, it had been expected that the official communique would make the most of guerrilla losses.

There is no mention at all of any destruction of military equipment or capture of arms and ammunition.

Observers believe that the raids were not a great success in terms of casualties, or the guerrilla casualties were such that the Rhodesians are maintaining a low profile for fear of an angry reaction from the rest of the world.



Bishop Muzorewa: "No significance."

Maputo that 12 people were killed and 110 wounded in the Rhodesian raid.

Our Foreign Staff adds: In London Bishop Abel Muzorewa, another black leader in the coalition, refused to say whether he accepted responsibility as a leader of the Salisbury transitional Government for the Mozambique raid.

Asked whether he had been any destruction of military equipment or capture of arms and ammunition, he replied that this was "of no significance."

The Bishop said his understanding of the position in Rhodesia was that there was a ceasefire programme, that people who did not accept this did not come for the "democratic set-up" in Rhodesia, and that those in charge of defunding the country had to do their job.

"I think this might be the case with the Rhodesian African National Union, who had by attacking bases in Mozambique the Rhodesian security forces were attacking guerrillas loyal both to Mr. Sithole and the interim security settlement."

"It condemned the raids as 'ill-advised and disappointing.'"

The statement said that most of the guerrillas in the bases supported Mr. Sithole and the settlement.

It added that if the Rhodesian troops wanted to attack the "real" guerrillas they should go after Mr. Mugabe himself and his military commander in Maputo, the Mozambique capital.

● The Mozambique Army said in

## UK loses £500m frigates order from Argentina

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS have lost to West Germany a contract to build six frigates worth over £500m for Argentina. It would have been one of the most valuable orders in the British shipbuilding industry's history.

Detailed negotiations about the deal have been in progress for at least two years and there has been a broader dialogue between Britain and Argentina about frigate requirements for a much longer period than that.

Vosper, Thornycroft, the British shipbuilders company, in the bid, and the Ministry of Defence have both been told informally that the Argentinians have accepted a bid from Blohm and Voss of Hamburg.

Neither the company nor the Ministry would comment last night.

The German yard, which like most of the world's shipyards is desperately short of work, has been given until the end of the year to prepare a full contract.

With Vosper remaining as first reserve for the order.

There can be little doubt that Blohm and Voss will reach a satisfactory conclusion with Argentina. The only possible cause of difficulty would be on the political level.

Within British Shipbuilders, there has been a strong feeling that Britain's bargaining with Argentina over the future sovereignty of the Falkland Islands, added to the human rights issue, has created the worst possible political background for a negotiation of a sensitive arms deal.

Since 1976, Britain has had no ambassador in Buenos Aires and although a recent delegation from the Argentinian Navy was well received, the company has suggested that the Foreign Office did not react with the necessary warmth to a private visit to London of Admiral Emilio Mas, commander in chief of the navy, last month.

Meanwhile, Vosper, the privately owned part of the Vosper Thornycroft warship building company nationalised last year, has a £25m contract to build five vessels for Kuwait at its yards in Singapore.

● Mr. Roy Mason, the Ulster Secretary, confirmed yesterday that the Harland and Wolff is to build a 19,000-ton bulk carrier for the Orion Bank, which will then charter the vessel to the British Steel Corporation. The deal is unofficially estimated to be worth about £16m.

● Saint Lithgow, a British Shipbuilders company on the lower Clyde, and the Niaroch shipping group, confirmed yesterday that they were involved in talks over the fate of two 285,000 deadweight ton tankers now under construction.

Niaroch, which took over the contracts after the collapse of Maritime Fruit Carriers, is using the late delivery of the first ship as an opportunity to review the contract.

## £45m to save Upper Docks

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT will pump up to £45m into the ailing Port of London as part of a rescue plan designed to secure, at least for the time being, the port's upper docks complex.

Mr. William Rodgers, the Transport Secretary, confirmed yesterday that he had vetoed the Port of London Authority's plan to close the two Royal docks.

Like Dr. John Gilbert, his predecessor in 1976, Mr. Rodgers has pinned his faith on getting the port's trade unions to agree to manpower reductions and changed working practices.

He has asked the PLA to work out with the unions a programme of specific demanding targets as part of a detailed costed plan. No grant assistance will be provided until this plan has been submitted," he said.

Grants amounting to £35m are available under the terms of yesterday's announcement, and the Government will back a further £10m of borrowings by the technically insolvent port.

Sir John Cuckney, the PLA chairman, welcomed Mr. Rodgers' backing "in principle" for the Authority's strategy but said the refusal to close the Royals would cost between £250,000 and £500,000 a month, depending on traffic levels. The decision would "delay the re-establishment of a viable port."

Sir John noted that the Government had not challenged the Authority's traffic projections showing continued decline of the upper docks. He would in future publish separate accounts for these docks, he said, in order to clarify the drain on resources.

The biggest problem now is the negotiation of manning cuts. According to the PLA, 2,000 men in the upper docks are surplus to requirement with or without the closure of the Royals. This is certain to lead to hard bargaining with unions.

Mr. Rodgers said the unions had promised co-operation in an urgent examination of manning levels, working practices, and productivity.

"Both the Authority and the unions are being told that I will review the position at intervals and monitor improvements in performance to ensure that progress justifies continuing in this way. The provision of grant assistance will be contingent upon results," he said.

Mr. Nigel Spearing, Labour MP for Newham South, who has led the opposition to the closure in the Commons, welcomed the reprieve but said much more thorough study of the upper docks' place in the South East planning strategy was necessary.

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## EUROPEAN NEWS

## Italian economic leaders meet on three-year plan

BY PAUL BETTS

ROME, July 31.

THE ITALIAN Government is attempting to finalise the broad outlines of its three-year (1979-1981) economic programme before the traditional August recess which has already seen over 5m Italians desert the cities this weekend for holiday spots throughout the country.

Sig. Giulio Andreotti, the Prime Minister, and economic ministers met here today to discuss 1979 budget proposals and the three-year plan which is to be presented later this week to the political parties, including the Communists, directly supporting the minority Christian Democratic Administration.

The 1979 budget, which will form an integral part of the programme, chiefly aims at reducing next year's enlarged public sector deficit from a projected L43,000bn (for more than \$60bn), to about L35,000bn. This figure is understood to be acceptable both to the International Monetary Fund and the EEC for new loans or standby credits to Italy.

The Government hopes to reduce the deficit through cuts in the pensions system, health service and local authorities' spending as well as by new indirect taxation.

In turn, the Government has pledged to create new jobs, especially in the depressed south of the country, through an increased growth rate during the last quarter of this year and investment particularly in construction and public works.

At the same time, the Sig. Andreotti's administration has asked the trade unions to moderate wage claims in forthcoming negotiations for a number of important national labour contracts. But the trade union rank and file has so far shown considerable reluctance towards such policies despite appeals for moderation from its own leadership.

A Cabinet meeting tomorrow is also expected to discuss long-awaited emergency measures to salvage the country's financially troubled chemical groups. The crisis in the sector was highlighted over the week-end with an announcement by one of the largest chemical groups, Societa Italiana Resine, that it was unable to pay its July salaries.

Among the proposals for the chemical sector is the setting up of a special commissioner to take control of financially troubled companies and to evaluate their long-term prospects, as well as the likely injection of urgently needed funds.

But these proposals, like the three-year plan, are still the subject of controversy between the various political parties and the trade union movement.

As the President met the main political leaders, it appeared that some movement might be under way to get the collapsed alliance back on its feet. Conservative leader Professor Freitas do Amaral, emerging from talks with the President, said his party was open to a renegotiation of the governing pact. It would appear that some concessions on the controversial Land Reform Ministry would need to follow any such move.

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## Eanes to address the nation

By Jimmy Burns

LISBON, July 31.

AN INTERIM solution to Portugal's Government crisis appeared to be in the making today with the announcement that President Ramalho Eanes would speak to the nation tomorrow night. The President is expected to go a considerable way towards clarifying the political confusion that has taken hold here ever since the conservatives withdrew from the six-month-old Governmental alliance last week.

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## Moscow warns West on detente

BY DAVID SATTER

MOSCOW, July 31.

THE SOVIET UNION today marked the third anniversary of the Helsinki agreements with a justification of the suppression of dissident groups which sought to monitor Soviet observance and a warning that future co-operation in humanitarian fields depends on the level of detente.

Mr. A. G. Kovalev, a Soviet Deputy Foreign Minister, told a Press conference that only the signatory States are responsible for Helsinki observance and that members of citizens' "Helsinki" groups, some 20 of whom have been either arrested

or sentenced, violated Soviet law. He indicated that the reaction in the West to dissident trials, because it damages the "confidence" between the States and peoples, actually hinders implementation of the final act.

Mr. Kovalev said the Soviet authorities will not discuss with anyone Soviet actions or matters that are within the "competence of the Soviet state." He said that to do so would be incompatible with the state's "sovereignty and dignity."

Emphasising that the Soviet Union alone will judge its Helsinki agreement observance, Mr. Kovalev equated the reaction in the West to the trials of the dissident Helsinki monitors with

opposition to detente and said it "puts a brake" on implementation of the final act.

He described the final act's implementation as "a large-scale endeavour" calculated for "years ahead."

Mr. Kovalev said that the "real political meaning" of the Helsinki third basket is that co-operation in humanitarian spheres must be promoted with "strict observance of the laws and administrative regulations of each state."

In what appeared to be a direct warning to the West, Mr. Kovalev said that the Soviet side has stressed at the highest levels that the results of the Helsinki meetings must be treated "carefully."

He said experience has shown that this advice to be "timely and correct."

Meanwhile Mr. Jay Crawford, the Moscow representative of the U.S. firm, International Harvester, returned to the KGB Letortovo investigative prison for more questioning in connection with charges of currency speculation.

Mr. Crawford was dragged out of his car last month and arrested by Soviet police in apparent retaliation for the arrest in the United States of two Soviet United Nations officials suspected of espionage.

Mr. Crawford declined to discuss the contents of the interrogations today.

## Cyprus judges reject appeal by Palestinians

By Our Own Correspondent

NICOSIA, July 31.

THE FIVE JUDGES of the Cyprus Supreme Court today unanimously dismissed the appeals of two Palestinians condemned to death for the murder in Nicosia last February of Mr. Youssef Siba, editor of the Cairo newspaper Al-Ahram.

The far-east and that of Cyprus's strained relations with Mr. Spyros Kyprianos, the President of Cyprus, who is the only person who can commute their death sentence.

Mr. Leifos Clides, a leading Nicosia criminal lawyer appointed by the State to defend the "Palestinians," announced immediately after today's verdict that he would file an appeal for mercy within a week.

President Kyprianos, turned down the plea—which observers here believe most unlikely—was confident he could stop the execution.

## Irish industry jobs doubt

BY OUR OWN CORRESPONDENT

DUBLIN, July 31.

THE CONFEDERATION of Irish Industry has produced a detailed response to the Irish Government Green Paper on the economy which outlines a strategy for producing full employment by 1985.

The wide-ranging document welcomes the idea of green papers followed by policy document and budgetary strategy on an annual basis as a significant step forward in economic planning.

But the confederation is puzzled by the omission of the Minister for Economic Planning and Development, Dr. Martin O'Donoghue, that full employment in 1979 and proposed fresh initiatives to try to meet these targets.

These include the modernisation of established industry with increased grants, extension of the scheme to help small industries and improved efforts to meet manpower needs with labour supply.

productive base of the Irish economy, reducing efficiency and passing costs from one sector to another. But the CII is keeping an open mind on the matter provided unit costs do not increase relative to the country's competitors.

While concern is expressed by the confederation about industrial unrest and the fact that Irish wage costs are rising faster than British the most remarkable

document is, says the confederation, its detailed sectoral proposals for creating new jobs. The CII expresses doubts as to whether the Government's current targets on jobs and inflation will be met in 1979 and proposed fresh initiatives to try to meet these targets.

These include the modernisation of established industry with increased grants, extension of the scheme to help small industries and improved efforts to meet manpower needs with labour supply.

## Norwegian payments deficit falls

NORWAY, July 31.

Norway's payments deficit on current account fell sharply in the first five months of 1978, only Nkr 6.6bn, compared with Nkr 11.1bn in the same period last year, says the Norwegian Ministry of Finance.

Trade Minister, said the trend continued it could result in a lower deficit for the whole year than the Nkr 20bn estimate in the 1978 budget. The Trade Ministry attributed the improvement to a sharp fall in imports, particularly of new cars, and a rise in exports, including oil and gas.

The deficit on the balance of trade in manufactures was only Nkr 3.4bn, compared with Nkr 5.9bn in the same period in 1977.

VW stands by diesels. Volkswagen said yesterday that it would continue producing diesel engines cars despite fears voiced by the U.S. Environmental Protection Agency about a possible health danger from exhaust gases. Reuter reports from Wolfsburg.

## Dutch plan to restrict tankers

BY CHARLES BATCHELOR

AMSTERDAM, July 31.

HOLLAND AND West Germany hope to ban tankers from moving too close to their coasts following the grounding of the Amoco Cadiz off Brittany earlier this year. The two countries want tankers to follow a course 35 nautical miles from the coast compared with the present minimum of five miles.

The proposal will be put before a sub-committee of the Inter-governmental Maritime Consultative Organisation (IMCO) which is due to meet in London shortly. The idea is to give the authorities time to re-

act to a collision or an oil spill. Holland has been considering making tankers follow a route further from the coast for some time but the Amoco Cadiz disaster, which spread oil along many miles of the Brittany coastline, gave more urgency to the plan, according to the Transport Ministry. It was then discovered that West Germany had similar plans.

It could be a number of years before the plan can take effect since after consideration by IMCO, which is a United Nations agency, it must go before other international maritime organisations.

tions. The area involved is not in their territorial waters. A major Dutch concern is for the safety of the Waddenzee, a beauty spot and home of many seabirds, which lies between the Frisian Islands and the mainland. Preservation of the Waddenzee is also a factor in the consideration of a site for a terminal for imported natural gas. A decision in favour of Eemshaven, in the north east of the country, would take gas tankers near the Waddenzee. The alternative to the Eemshaven is the Maasvlakte, near Rotterdam.

Developing countries were net depositors with the international banking system for a large part of last year while, even more unlikely, many oil producing countries became net borrowers again. With a few well-known

exceptions (Turkey, Zaire, Peru) banks seemed happy with the quality of their lending, if not the rates they had to do it.

However, they felt the same in 1973 and 1974, and although memories in international banking are said to be short, there

remains a lurking fear (or, more accurately, certainly) that, as economic trends change, the current lending boom will breed repayment problems, as did the last.

The aim is that borrowers and lenders alike should be better prepared this time and, therefore, more resolved.

Mary Campbell, Euromarkets Editor, reviews new information on the debts of 150 countries.

## Keeping track of developments in international borrowing

exceptions (Turkey, Zaire, Peru) banks seemed happy with the quality of their lending, if not the rates they had to do it. However, they felt the same in 1973 and 1974, and although memories in international banking are said to be short, there remains a lurking fear (or, more accurately, certainly) that, as economic trends change, the current lending boom will breed repayment problems, as did the last. The aim is that borrowers and lenders alike should be better prepared this time and, therefore, more resolved.

## INTERNATIONAL BANK LOANS AND DEPOSITS

Country	Borrowing from banks						1978 repayments				Unused credit facilities		
	Net borrowing \$bn (1)	Deposits \$bn (2)	Total \$bn (3)	Due 1978 \$bn (4)	Due 1979 \$bn (5)	Due after 1979 \$bn (6)	1977 Current Account \$bn (7)	1977 Exports \$bn (8)	\$ bn (9)	% of exports (10)	\$ bn (11)	% of total borrowing (12)	Non-bank debt end-1978 \$bn (13)
<b>Developed countries</b>													
Australia	3.8	1.0	4.8	58.7	10.4	29.8	-2.5	15.5	2.8	18.1	2.1	43.1	n.a.
Finland	3.5	1.3	4.8	48.7	8.4	41.6	-0.2	9.2	2.3	25.4	1.2	25.0	2.0
Greece	0.3	3.8	4.1	32.8	13.6	51.5	-1.3	5.6	1.4	24.2	1.0	23.9	0.6
New Zealand	1.2	0.3	1.5	35.7	15.2	47.9	-0.6	3.7	0.5	14.3	0.6	40.6	n.a.
Norway	4.2	2.6	6.8	61.2	12.4	54.5	-4.9	14.6	2.1	14.5	1.5	22.2	n.a.
Portugal	0.5	1.2	1.7	69.9	6.7	21.9	-1.5	4.0	1.2	29.5	0.7	39.3	0.5
S. Africa	7.5	1.0	8.4	52.9	12.7	33.1	+0.9	12.4	4.5	36.7	2.6	30.8	n.a.
Spain	2.8	8.6	11.5	40.8	10.5	47.3	-1.2	18.7	4.7	25.1	1.9	16.7	1.9
Turkey	2.5	0.7	3.2	79.0	10.0	10.6	-3.3	3.7	2.5	68.6	0.6	18.1	3.1
Yugoslavia	1.1	2.6	3.7	23.6	13.6	61.0	-1.6	9.4	0.9	9.3	1.3	35.1	2.2
<b>Eastern Europe</b>													
Total	28.3	8.3	36.6	52.4	11.3	35.7	n.a.	n.a.	19.2	n.a.	9.6	26.2	n.a.
Of which:													
Bulgaria	2.3	0.5	2.8	59.3	10.2	30.3	-0.5	0.6	1.6	273.3	0.5	18.4	n.a.
Czechoslovakia	1.1	0.5	1.6	57.8	3.3	38.0	-0.3	1.8	0.9	49.7	0.2	13.8	n.a.
E. Germany	4.4	0.9	5.3	54.2	18.1	27.2	-0.1	2.0	2.9	142.9	0.9	17.9	n.a.
Hungary	3.9	1.1	5.0	60.4	7.4	30.6	-0.5	1.8	3.0	167.9	0.2	4.8	n.a.
Poland	1.2	0.4	1.6	8.8	0.9	12.6	-3.0	5.0	3.3	66.9	0.1	34.6	n.a.
Romania	3.2	0.2	3.4	66.8	6.6	26.0	-0.5	2.2	0.9	42.1	0.5	34.7	n.a.
USSR	7.3	4.4	11.7	55.2	8.1	36.5	-1.4	15.0	6.5	43.2	4.2	35.4	n.a.
<b>Latin America</b>													
Total	37.9	36.6	74.5	44.3	12.0	42.4	n.a.	n.a.	33.0	n.a.	15.1	20.3	n.a.
Of which:													
Argentina	0.4	4.5	4.9	57.4	13.1	28.3	+1.3	6.6	2.8	42.3	1.5	30.1	2.6
Bolivia	0.5	0.3	0.8	46.6	12.6	39.1	-0.2	0.7	0.4	49.3	0.4	49.4	0.7
Brazil	18.4	6.6	25.0	31.5	12.7	54.5	-4.8	13.6	7.9	58.0	5.2	20.7	6.4
Chile	0.7	0.9	1.6	60.7	14.9	23.4	-0.4	2.6	1.0	36.5	0.9	59.8	3.1
Colombia	0.4	1.4	1.8	58.9	10.2	28.6	+0.7	3.9	1.0	26.6	0.7	40.0	2.0
Cuba	1.3	0.3	1.6	65.9	7.6	26.0	n.a.	n.a.	1.0	n.a.	0.1	6.5	n.a.
Jamaica	0.5	0.0	0.6	35.9	14.4	48.1	+0.0	1.0	0.2	19.0	0.0	8.3	0.4
Mexico	14.3	5.9	20.3	41.0	13.5	44.6	-2.0	8.3	8.3	109.0	2.9	14.2	3.9
Peru	2.8	0.6	3.4	47.7	11.9	29.9	-0.9	2.2	1.6	75.8	0.5	15.9	1.4
Venezuela	0.5	8.6	9.1	60.6	7.4	30.6	-1.0	10.9	5.5	50.4	0.9	10.3	0.9
<b>Middle East</b>													
Egypt	(1.3)	2.7	1.4	67.7	5.1	25.7	-0.8	5.0	0.9	11.3	1.0	49.9	4.9
Iran	(0.2)	6.6	6.4	50.5	8.8	40.0	+5.1	28.0	3.2	18.3	3.0	46.1	3.3
Iraq	(4.1)	4.5	0.3	54.4	7.4	32.1	n.a.	n.a.	0.2	n.a.	0.3	96.8	0.4
Israel	(1.5)	4.0	2.5	67.2	16.2	15.8	n.a.	n.a.	1.7	n.a.	0.4	16.6	n.a.
Jordan	(0.5)	0.7	0.2	39.4	7.3	51.3	+0.0	1.2	0.1	6.3	0.2	93.8	0.3
Oman	0.3	0.4	0.4	50.0	14.4	34.7	n.a.	n.a.	0.2	n.a.	0.1	32.2	0.1
Qatar	(0.1)	0.4	0.3	33.9	9.2	55.8	n.a.	n.a.	0.1	n.a.	0.3	129.9	n.a.
UAE	0.4	2.2	2.6	55.1	8.5	35.4	n.a.	n.a.	1.4	n.a.	1.1	42.6	n.a.
<b>Other Africa</b>													
Total	2.7	9.9	12.5	37.8	11.4	49.1	n.a.	n.a.	4.7	n.a.	5.4	43.2	n.a.
Of which:													
Algeria	2.8	1.6	4.4	22.7	12.8	63.9	-2.0	7.4	1.0	13.5	1.9	42.2	3.0
Gabon	0.4	0.2	0.6	38.3	11.1	49.1	+0.1	1.4	0.2	15.7	0.1	13.1	0.2
Ghana	0.0	0.2	0.2	91.2	0.5	3.9	-0.1	1.0	0.2	18.6	0.1	30.4	0.6
Ivory Coast	0.3	0.5	0.8	24.2	14.6	40.6	n.a.	n.a.	0.2	n.a.	0.5	59.7	0.8
Morocco	0.2	1.0	1.2	24.4	15.7	61.0	-1.7	2.5	0.3	11.6	0.4	37.4	1.2
Nigeria	0.2	0.6	0.8	83.2	4.2	6.2	-0.9	12.9	0.7	5.2	0.9	105.9	0.8
Sudan	0.6	0.2	0.7	57.9	10.6	30.3	-0.1	0.8	0.4	51.7	0.3	35.2	0.6
Tunisia	(0.0)	0.4	0.4	37.2	12.1	50.1	-0.5	1.7	0.1	7.8	0.3	82.0	1.0
Zaire	0.5	0.4	0.9	35.1	11.7	52.6	n.a.	n.a.	0.3	n.a.	0.2	19.6	0.8
Zambia	0.5	0.2	0.6	50.9	14.5	31.9	-0.2	1.0	0.3	31.2	0.1	21.8	0.8
<b>Other Asia</b>													
Total	(1.4)	24.0	22.6	54.6	10.0	34.7	n.a.	n.a.	12.2	n.a.	9.0	39.8	n.a.
Of which:													
China	(2.0)	2.5	0.5	85.7	1.5	12.1	n.a.	n.a.	0.4	n.a.	0.4	98.7	n.a.
Indonesia	2.5	2.5	5.0	44.7	12.1	42.7	-0.0	10.9	2.2	20.5	0.7	13.8	7.6
North Korea	0.5	0.0	0.6	30.4	7.9	59.6	n.a.	n.a.	0.2	n.a.	0.0	1.8	n.a.
South Korea	(2.3)	3.0	5.2	55.0	11.5	33.2	+0.0	13.0	2.9	22.1	2.4	45.5	4.7
Malaysia	(0.7)	1.4	0.7	48.2	10.5	39.4	n.a.	0.7	n.a.	0.4	2.4	25.9	0.6
Philippines	1.5	1.9	3.4	53.9	7.4	37.4	-0.8	4.4	1.8	41.6	1.8	53.1	0.9
Taiwan	(1.1)	3.9	2.7	51.7	11.8	36.3	+1.0	10.9	1.4	13.0	1.4	51.7	1.1
Thailand	0.6	1.3	1.8	81.2	4.6	12.5	-1.1	4.2	1.5	35.6	0.5	29.9	0.7
<b>ALL COUNTRIES:</b>													
<b>GRAND TOTAL:</b>	45.3	171.7	217.0	49.8	11.1	39.1	n.a.	n.a.	105.3	n.a.	47.2	28.2	n.a.







## AMERICAN NEWS

## Six-month certificates help savings institutions

By John Wyles  
NEW YORK, July 31. NEW SIX MONTH certificates, introduced in the U.S. in June, appear to be giving savings institutions some of the hoped-for protection against the steady climb in short-term interest rates.

Money flows into institutions offering mortgages had been dropping dramatically in the first five months of the year because savers were diverting money into higher-yielding instruments in the money market, such as Treasury bills. Deposits with savings and loan associations, for example, plummeted by 41 per cent in comparison with the equivalent period of last year, thus increasing anxieties that new housing construction would be curbed.

However, according to the Federal Home Loan Bank Board today, the rate of decline was slowed in June when net receipts of new savings and loan associations showed a less than seasonal drop-off. Mr. Robert McKinney, the Board chairman, claimed that this reflected "widespread saver acceptance" of the new six-month certificates, the rates of which are equivalent to the return on six-month Treasury bill savings institutions are allowed to pay 0.25 per cent above the Treasury rate on their certificates which, following a Treasury auction last week, carried an interest rate of 7.68 per cent.

## Emergency loan rate to Brazil banks increased

By Diana Smith  
RIO DE JANEIRO, July 31. AS OF this week, commercial and investment banks in Brazil must pay the Central Bank 35 per cent and 49 per cent, respectively, as interest on emergency loans equivalent to 1 per cent of their monthly deposits. Previous rates were 30 per cent and 40 per cent, respectively.

Emergency loans are the present equivalent to the former Central Bank liquidity re-discount extended to banks resorting to the Central Bank when in difficulties. Interest rates have been raised in order to put further brakes on the money supply, which has overrun budget estimates, and to discourage individual borrowing.

The commercial banks have been charging an average 37 per cent interest rate per annum on loans. The new Central Bank measure can be expected to provoke an early rise in this rate.

## Economic indicators index rose by 0.4% in June

BY DAVID BUCHAN

THE U.S. index of leading economic indicators, widely used to gauge future trends, rose by a respectable 0.4 per cent in June, according to a preliminary estimate released today by the Commerce Department.

This gives little support to fears, expressed by some private economists, that the U.S. is heading for an early recession. The index now shows a rise for every month since the start of the year. The Commerce Department today revised downwards its estimates for April and upward those for May, thus levelling out the slight decline initially recorded in the May indicators.

The Treasury Secretary, Mr.

Michael Blumenthal, and the Federal Reserve Board chairman, Mr. William Miller, have recently said that, although growth will be slower in the second half of 1978, the economy is in for a soft landing, not a recession. Recession in the U.S. have traditionally been preceded by several months of decline in the leading indicators.

But the June rise in the index, in which the biggest factor was the increase in residential building permits, is well below the revised figures for April above those of March this year. This is taken here as yet another sign that the economy will not meet the administration's target of

WASHINGTON, July 31.

real growth of 4 per cent this year.

The biggest drop in the June index was in plant and equipment orders, perhaps reflecting the gloomy view that business is now taking of the rising inflation rate. Consumer prices rose at an annual rate of 10.4 per cent in the first six months of 1978, making it more certain that the administration's hope of keeping inflation to little more than 7 per cent this year will not be fulfilled.

The Commerce Department reported that of the 10 indicators available for the June preliminary estimate, six rose, three declined, and one—labour lay-offs—was unchanged.

## Machine tool orders up sharply

BY DAVID LASCELLES

ORDERS for machine tools in the U.S. are continuing to soar, maintaining the strong trends of the first half of this year and highlighting the strength of industrial investment.

Orders rose by no less than 54 per cent in June, compared to those in the equivalent month last year, to bring the total rise in the first half of the year to 48 per cent—a record, according to figures prepared by the National Machine Tool Builders' Association.

The June total was \$396.3m compared to \$257.3m last year,

and up 12 per cent from May's \$354.9m. The biggest surge came in lathes, milling machines, machining centres and other metal cutters, where orders rose 71 per cent.

The June rise was particularly gratifying to the industry, which increased its prices in April and had expected the next few months to be weaker. Most of the machine tool makers canvassed for their opinions also foresaw continuing strength in orders for the rest of the year.

Apart from evidencing the volume of industrial capital

spending—which had been identified by several industry surveys earlier this summer—these figures also point to the breadth of the investment front.

The car makers still account for much of the rise. They are currently tooling up for the generation of models which will have to conform to new fuel consumption and emission standards. However, toolmakers who supply other industries, notably aviation, are also optimistic, as they see their customers gearing up for an era of fuel and material saving and high productivity.

## More prospective orders for Boeing 767 aircraft

BY OUR OWN CORRESPONDENT

NEW YORK, July 31.

FURTHER PROSPECTIVE orders for the proposed new medium-sized aircraft from Boeing, the 767, emerged today with a letter of intent to buy 10 of the aircraft, signed by International Lease Finance Corporation, an aircraft leasing company in Beverly Hills.

This is the second announcement concerning the 767 since United Airlines placed a \$1.8bn order for 30 of the aircraft nearly three weeks ago. Mr. Leslie Gonda, chairman of International Lease Finance, a privately-owned company, said late today that negotiations were now under way with Boeing, and that he expected to place a firm order by December.

Mr. Gonda's company owns an undisclosed number of aircraft which it leases to many airlines throughout the world. He claimed today that some of the prospective users he had lined up for the 767s were western European,

but he declined to name any airlines.

The potential value of the purchase is about \$250m for aircraft which would be delivered in 1983 and 1984. In addition, International Lease has placed firm orders for two 737 aircraft, valued at about \$22m, to be delivered next February and July.

The 767 is planned as a 200-seat wide-bodied aircraft, and is to be the main U.S. competitor to the proposed B10 version of the European A300 Airbus.

U.S. COMPANY NEWS

Carborundum acquisition boosts Kennecott profits: Coal producers see brighter future; Good second quarter performance by Texas Instruments; Resorts International faces \$39,000 fines; Record half-year for Upjohn—Page 18

## Los Angeles to put last plan to Olympic body

LOS ANGELES, July 31.

LOS ANGELES will present its "last chance" plan to stage the 1984 summer Olympic Games to the International Olympic Committee (IOC) within two days, but there are still a number of obstacles to overcome.

Mayor Tom Bradley of Los Angeles—who brought the plan to a meeting in Colorado Springs, the U.S. Olympic Committee president, Mr. Robert Kane—said on his return, "unless we are surprised by the IOC, I would say our chances of staging the 1984 Games are very good."

The plan represented the last chance for Los Angeles to stage the Games, he added, because there would not be enough time to present another proposal before the extended deadline of August 21, by which Los Angeles should sign a contract. Reuter

## UK exports to Russia increase by 56 per cent

By David Satter

MOSCOW, July 31.

BRITISH EXPORTS to the Soviet Union have continued to increase strongly, with a 56 per cent rise in the first half of this year compared with the same period of 1977. Deliveries on major Anglo-Soviet contracts signed last year and in 1976 began to have an impact on the results.

Figures released today by the British Embassy in Moscow show exports in the six months were \$25.7m against \$16.4m in January-June, 1977.

At the same time, British imports from the Soviet Union fell by 15 per cent to \$298.4m compared with \$352.9m for the same period of 1977.

As a result, Britain's traditional deficit in Soviet trade was reduced to \$72.7m from \$203m during the first half of 1977.

The improvement is attributed to major deliveries under \$100m gas compressor station contracts signed in December 1976, and also to a significant but unexplained rise in British exports of non-ferrous metals.

The export figures do not reflect large values for uranium sent to the Soviet Union for enrichment and re-export to Britain and so are believed to reflect a genuine export gain.

Deliveries on two other major Anglo-Soviet contracts—the \$50m Constructors John Brown contract for a gas density ethylene plant and the \$233m Davy Powergas methanol plant—contract—are expected to begin before the end of the year, improving the figures still further.

The Soviet Union still, however, has not fully utilised the 1976 Anglo-Soviet credit of only \$40m to \$45m of the \$950m credit is believed to have been drawn so far.

Total trade turnover increased 5 per cent during the first half of this year to \$254.1m against \$241.9m for the first half of last year.

The decline in British purchases from the Soviet Union was attributed here to a sharp fall in imports of non-manufactured textile fibres and a small decline in diamond imports.

The biggest import items—oil and products represented at about the same level as last year.

Dell will lead British trade visit to China

By Lorne Barling

MR. EDMUND DELL, Secretary of State for Trade, will lead a powerful delegation of British businessmen on a trade mission to China next month with the intention of winning firm export contracts.

The announcement of the mission follows a number of other exchanges, including several Chinese visits to the UK, and its composition clearly indicates the areas in which the Chinese have expressed interest.

Although a number of companies which already do business with China are represented, it is notable that Lord Limerick of Kleinwort Benson and Mr. Ken Cotterill, of the Export Credits Guarantee Department will be present. They will be seeking clarification of Chinese attitudes on credit advice and on various means of compensation trading, which could be vital to future deals.

Chinese interest in British consultancy services has led to the inclusion of Mr. David Chapman, a director of the PE Consulting Group.

Another new area of possible trade is construction, and Mr. Robert Aldred, chairman of Taylor Woodrow International, will be part of the trip.

As on missions to other countries, Mr. Dell will seek to include the businessmen in high level discussions. They have been urged to act as representatives of their industries as well as the particular companies.

The group will also visit Hong Kong. The other members of the mission are: Sir John Buckley, chairman of Davy International; Mr. Peter Brackley, general manager of BP International; Mr. Frank Edwards, deputy chairman of Humphreys and Glasgow; Sir Derek Ezra, chairman of the National Coal Board; Sir John Kewell, chairman of Jardine Matheson and vice president of the Sino-British Trade Council; Sir Arthur Knight, chairman of Courtauld; Mr. Gordon Plummer, deputy chairman of the Sterling Group; Mr. Graham Strachan, group managing director, John Brown Engineering; Sir Peter Thornton, director, Rolls-Royce; and Sir James Woodson, chairman of the Northern Engineering Industries.

Reader adds from Brussels: The EEC has announced its first moves towards liberalising trade with China since the signing of the EEC-Chinese trade accord in April. The Commission has proposed to ministers a reduction of import tariffs for 20 Chinese products over and above a list of items normally granted to countries of "state trading" countries.

EEC ministers will examine the new proposal later this year. The products affected would include certain types of wood and leather, trimmings for women's clothing and certain products made from tar.

Iran oil talks

The National Iranian Oil Company and the Western oil companies that market the bulk of Iran's oil are near agreement on a five-year sales arrangement to be signed in September. It is expected that the volume requirements have proved difficult for the companies to meet, according to newspaper reports here, AP-DJ reports

## WORLD TRADE NEWS

## Bill on the Arab boycott list shelved by the Lords

BY MAURICE SAMUELSON

A BILL aimed at curbing the Arab boycott, modelled on U.S. legislation, will not be reintroduced in the next session of Parliament, a Lords select committee has decided.

However, supporters of the Bill hope that the committee will recommend, for trial period, important changes in Government policy which would require stronger emphasis of Britain's disapproval of the boycott and an end to the practice of letting companies decide entirely for themselves how to react to boycott questions.

The Government could also be asked to intervene through diplomatic channels to protect British companies and to stop the practice of authenticating negative certificates of origin, as required by some Arab states. British embassies at trade missions, too, would be discouraged from disseminating business opportunities containing boycott clauses.

The Foreign Boycotts Bill, it was also opposed by leading Liberal peers, was put in the hands of a select committee four months ago after receiving a second reading. The committee concluded its report at the end of last week and is believed to have concluded that there would not be sufficient time in the autumn for it to have a third reading. The report will be published—early September.

The nine members, under the chairmanship of Lord Redcliffe-Maud, also appear to have been divided about whether the Bill should go forward at all. Other members of the committee, besides Lord Byers, included Lord Boyd-Carpenter, the former Conservative Agriculture Minister, Lord Aylestone, former Labour Chief Whip, and Lord Caccia, a former permanent under-secretary at the Foreign Office.

Although strongly backed by pro-Israeli bodies in Britain and North America, the Bill lacked the support of the Government.

It was also opposed by leading industrial and commercial organisations, who feared that the Bill would seriously jeopardise trade with the Arab oil states.

The Government's opposition to the Bill was underlined by the refusal of Dr. David Owen, the Foreign Secretary, to testify—officially because he was too busy. Besides opposing legislation in Britain, Whitehall last week voiced its anger at the extrajurisdictional aspects of the U.S. Export Administration Act which U.S.-controlled companies in Britain, U.S. regulations which came in force today, require companies to inform the U.S. Government upon receipt of boycott requests or questionnaires.

The U.S. Administration is aware of British sensitivity about extrajurisdictional legislation. This has been contributed to its failure to give the Lords Committee as much evidence as it wanted about the effects of U.S. legislation on U.S.-Arab trade.

## Jordan, Syria integration talks

BY RAMI G. KHOURI

AMMAN, July 31.

THE three-year-old drive for economic integration between Jordan and Syria was taken forward this week when the joint higher committee, chaired by the Prime Ministers of both countries, meets in Damascus to approve the establishment of a joint industrial holding company with a capital of \$60m.

The holding company will act as an umbrella group to establish a series of joint manufacturing plants in both countries, and is likely to turn around loans of between \$120m and \$180m to finance its schemes, according to Mr. Najmaddin Dajani, Jordanian Minister of Trade and Industry.

Based company envisaged setting up plants to produce white cement, ready-made clothing, pig-iron and pesticides he said in a Press interview.

One of the aims of the gradual Syrian-Jordanian economic integration drive is to offer facilities for foreign industrialists looking for manufacturing or assembly sites in the heart of the Middle East. The Minister said, adding that this Syrian-Jordanian role in the region was discussed during his visit to Britain earlier in July.

Most of the provisions of an investment promotion and taxation agreement were finalised during the London visit, he said, and plans are in hand for a visit by British industrialists and government officials to Jordan this autumn. The aim of this trip will be to discuss the establishment of new joint venture manufacturing schemes, particularly in the joint Jordanian-Syrian free zone.

Dr. Dajani said he held talks with British companies who have expressed interest in establishing joint ventures in Jordan in the food and beverage, electrical goods, pharmaceuticals, and chemical fields.

U.S. steel limits working

NEW YORK, July 31.

THE U.S. Government's trigger price mechanism (TPM) for restricting steel imports is now "grinding" making itself felt, according to the American Institute for Importers Steel.

The Institute said Commerce Department figures show imports in June totalled 1,386 net tons, down 25 per cent from June 1977, and down 10 per cent from May 1978.

Mr. Kurt Oban, president of the institute, said imports now have declined for both months—May and June—in which the TPM has been in practical effect. Mr. Oban said, however, that

shipments from countries other than the European Community nations and Japan are still very high. The reasons for these high levels of imports, he said, are not immediately apparent.

John Wyles adds from New York: Domestic steel manufacturers have welcomed indications that imports are dropping, but point out that in the first five months of the year, volume was well ahead of last year, and the indications are that the imported steel will exceed the 13m tons the Administration hoped might be the 1978 total under the trigger price mechanism.

## Taiwan airline orders Airbus

BY DAVID CURRY

PARIS, July 31.

THE SUCCESS of the European Airbus in Asian markets continues. The Taiwan-based China Airlines has become the 17th company to decide to purchase the aircraft. It has ordered four of the Super A-300 version for delivery from April, 1980, and has signed up for four options.

Total orders for the aircraft now amount to 103 with 53 options, including those ordered by the airline for the A-300-600, which is to be developed shortened B-10 version of the aircraft.

Fay Giesler writes from Oslo: Norway's Ministry of Defence is to buy four Sea Lynx helicopters from Westland Helicopters, of the UK. The value of the contract including spare parts and special equipment, is understood to be about Nkr 100m.

The 300th firm order for the DC-10 was announced yesterday by McDonnell Douglas with the signing by Swissair of contracts for the purchase of two additional series 30 models of the wide-cabin tri-jet, reports AP-DJ from Lugano Beach.

The Swiss carrier ordered its 10th and 11th long range DC-10 jetliners. By model 300 total DC-10 orders include 120 for the series 10, 149 for the series 30 and 31 for the series 40. Of the total, 29 are convertible freighter versions. Value of the 300 orders is approximately \$7bn.

basis and France and West Germany are each buying 300 aircraft.

Meanwhile, Lockheed of the U.S. has joined two European companies, Dornier of West Germany and Dassault-Breton of France, to offer the Alpha Jet trainer in the U.S. Navy's proposed competition to find a new advanced trainer, writes Michael Dornier.

The U.S. Navy will eventually need up to 1,000 aircraft.

The twin-engine Alpha Jet, built by Dassault and Dornier on an international collaborative

effect in the area of "tropical products" without complementary trade concessions to the U.S. for which ASEAN nations.

Tropical products is a vaguely defined category which includes woods, fruit, timber and other products grown in tropical countries.

The ASEAN delegation, according to its briefing paper, will ask the U.S. to direct some of its own massive purchasing power toward ASEAN products. Such a step is considered unlikely when many U.S. companies are complaining of injury by foreign competition and when the U.S. is already running a record trade deficit.

liberalisation measures into AP-DJ

## ASEAN wants U.S. concessions

BANGKOK, July 31.

THE ASSOCIATION of South East Asian Nations (ASEAN) is urging the U.S. to modify its policies on countervailing duties and quotas when ASEAN ministers meet their US counterparts in Washington this week.

ASEAN's strategy for the meeting, which starts tomorrow, also includes a plea for the U.S. to use its influence in the multilateral trade negotiations (MIN) to promote more liberal rules governing the export industries of developing countries.

The meeting is the second official session between ASEAN and the U.S. The first meeting, which aired a number of economic sore spots but brought no commitments from either side, was held in Manila last September.

ASEAN officials laid out their latest bargaining position in a memorandum drafted in Manila, where representatives met to try to work out a united front prior to the Washington session.

Two protectionist measures were emphasised in the position paper. One was an attempt by the U.S. government to levy countervailing duties against certain garments imported from ASEAN countries.

The question of countervailing duties arises when governments are deemed to be unfairly subsidising their exports. In the past, the U.S. has argued that such subsidies are inherently wrong if they favour exports over goods made for domestic use.

Most other nations contend that such export subsidies are simply a fact of life in world trade and that penalty duties should be allowed only if domestic industries are injured by the flow of foreign goods.

The countries affected by the countervailing duties were not spelled out in the memorandum. But the paper did say that total ASEAN garment exports to the U.S. in 1977 amounted to \$111.7m.

On quotas, the second protectionist measure, ASEAN said that the U.S. has used a variety of past performance to determine the size of quotas on certain products placed new duties seeking a share of the

U.S. market at a disadvantage. The ASEAN group urged a more liberal basis in setting import quotas for such goods.

Other factors such as existing and potential export capacity.

On the positive side, the paper said it was "appreciative" of the U.S. on certain ASEAN products during the multilateral trade negotiations. But the memorandum noted that the products in question make up less than 7 per cent of ASEAN-U.S. trade with an annual value of about \$850m.

In other areas, ASEAN said it was disappointed that the U.S. refused to put certain trade liberalisation measures into AP-DJ

effect in the area of "tropical products" without complementary trade concessions to the U.S. for which ASEAN nations.

Tropical products is a vaguely defined category which includes woods, fruit, timber and other products grown in tropical countries.

The ASEAN delegation, according to its briefing paper, will ask the U.S. to direct some of its own massive purchasing power toward ASEAN products. Such a step is considered unlikely when many U.S. companies are complaining of injury by foreign competition and when the U.S. is already running a record trade deficit.

liberalisation measures into AP-DJ

India frees more imports

BY K. K. SHARMA

NEW DELHI, July 31.

THE Indian Government has further liberalised its import committee submits its final policy to allow unrestricted imports of capital goods for 14 key industries, together with the free import of components for them by actual users. Policies for registered exporters have been related to restore to them the authority to import items not earlier included in a import replenishment scheme.

The liberalisation is based on the report of a committee headed by Brigadier B. J. Shanase, Secretary for technical development. Further easing of restrictions will be made when the committee submits its final report shortly. Adjustments will then be made to permit import of certain items now on the banned list.

Mr. Mohan Dharis, the Commerce Minister, told Parliament that the further reorientation of import policy would provide a stable base for the future. Although he did not say so, the liberalisation has become possible because of the rising foreign exchange reserves which are now worth over \$6bn.

Methanol for Indonesia

BY KEVIN DOME, CHEMICALS CORRESPONDENT

INDONESIA is going ahead with the construction of a large-scale methanol plant, capable of producing 400,000 tonnes a year.

The plant is to be located on Bunyu Island off the coast of north-eastern Kalimantan, and is expected to cost more than \$200m (£108m).

Perth-based the Indonesian state-owned energy corporation said the plant would be built to supply feedstock to the growing

Asiatic petrochemical industry. Methanol is the raw material for a large number of synthetic organic chemicals and plastics resins.

The plant will be supplied from a number of gas fields on the island. According to Pertamina there are sufficient gas reserves to supply the plant for 20 years.

According to the present plans the methanol plant should be in production in late 1981.

## THE 1979 U.S. FOREIGN AID BILL

## Resentment on Capitol Hill

BY DAVID BUCHAN IN WASHINGTON

PUSHING A Foreign Aid Bill through Congress is always an uphill task. This year, however, it is mid-term Congressional elections due, there is talk of tax revolt in the air, and the counter-part of this is that public spending—of which foreign aid is always the most unpopular component—is much under attack. So the job of getting through the 1979 Bill—to be debated this week by the House of Representatives—is positively herculean.

Under attack in particular this time are the multilateral lending agencies such as the World Bank and its "soft loan" affiliate the International Development Association (IDA) and also the smaller agencies like the Inter-American Development Bank and the Asian Development Bank. All of these are heavily dependent on U.S. funds.

A growing body of opinion in Congress resents the loss of control over the increasing proportion of American aid that has been channelled through them. Conservative and liberal wings in Congress both feel uneasy that these agencies are often against American interests, propping up Marxist or oppressive regimes. Protectionists worry that they help foreigners compete against U.S. industry and agriculture.

Further, some Congressmen argue that the agencies often fail to ensure that their loans benefit the poorest people in the poorest countries, while others are merely puffed that many agency officials get substantially better salaries and perquisites than they do.

Leading the battle against the international agencies in this week's debate will be Representative Clarence Long, whose Appropriations subcommittee has already cut the foreign aid allocation to \$7.3bn, \$1.1bn less than the Carter Administration asked for. By far the biggest cut, \$850m, was in U.S. contributions to the IDA and the Inter-American Bank. Now Mr. Long, who has described the two banks as "elitist institutions run by oligarchs, skilled in keeping the crumbs from falling off the table to reach the hungry," will be urging a further cut of \$554m in contributions to them.

The Administration has reminded Congress that the U.S. now ranks 13th among the 17 largest donor countries in terms of the percentage of Gross National Product devoted to official aid. More specifically, Treasury Secretary Michael Blumenthal has pointed out that of the \$3.6bn, which the Administration is requesting next year for the international banks, some \$1.5bn is merely

backing which the U.S. provides, as do other governments, for the banks' borrowings on the private capital markets. The money is therefore highly unlikely to leave the U.S. Treasury.

A further \$350m of the total request is simply arrears in pledged U.S. contributions. But Mr. Long and his supporters counter that even with the extra \$584m cuts, the amount going to the international banks will still be the largest ever.

Success for Mr. Long could spell near disaster for the IDA, both Administration and World Bank officials maintain. The IDA depends totally on government donations to make its concessional loans to the Third World. The U.S. is already

this would hurt the American farmer.

Mr. Robert McNamara, the President of the World Bank, made it clear that these conditions were unacceptable. So the Administration stepped in and got Congress to back off, by promising that the U.S. would be directed to use his "voice and vote" to make Congressional concerns known.

As a stop-gap, this compromise was acceptable because the U.S. has no blocking veto over Bank operations. In the last year, the U.S. director voted against a loan to Laos and against a loan for a Malaysian palm oil project. The grounds for the latter vote, that the palm oil would compete with U.S.-produced soy oil, were

admitted by the Administration and the U.S. Agriculture Department to be spurious.

Negative votes by the U.S. were paid in 1976 and 1977, Cuba, Mozambique and Angola are not members of the Bank. Uganda and Cambodia are not active borrowers from it (though an irrigation project loan to Vietnam is directly being considered), and there has been virtually no demand for sugar and citrus product loans from the Bank.

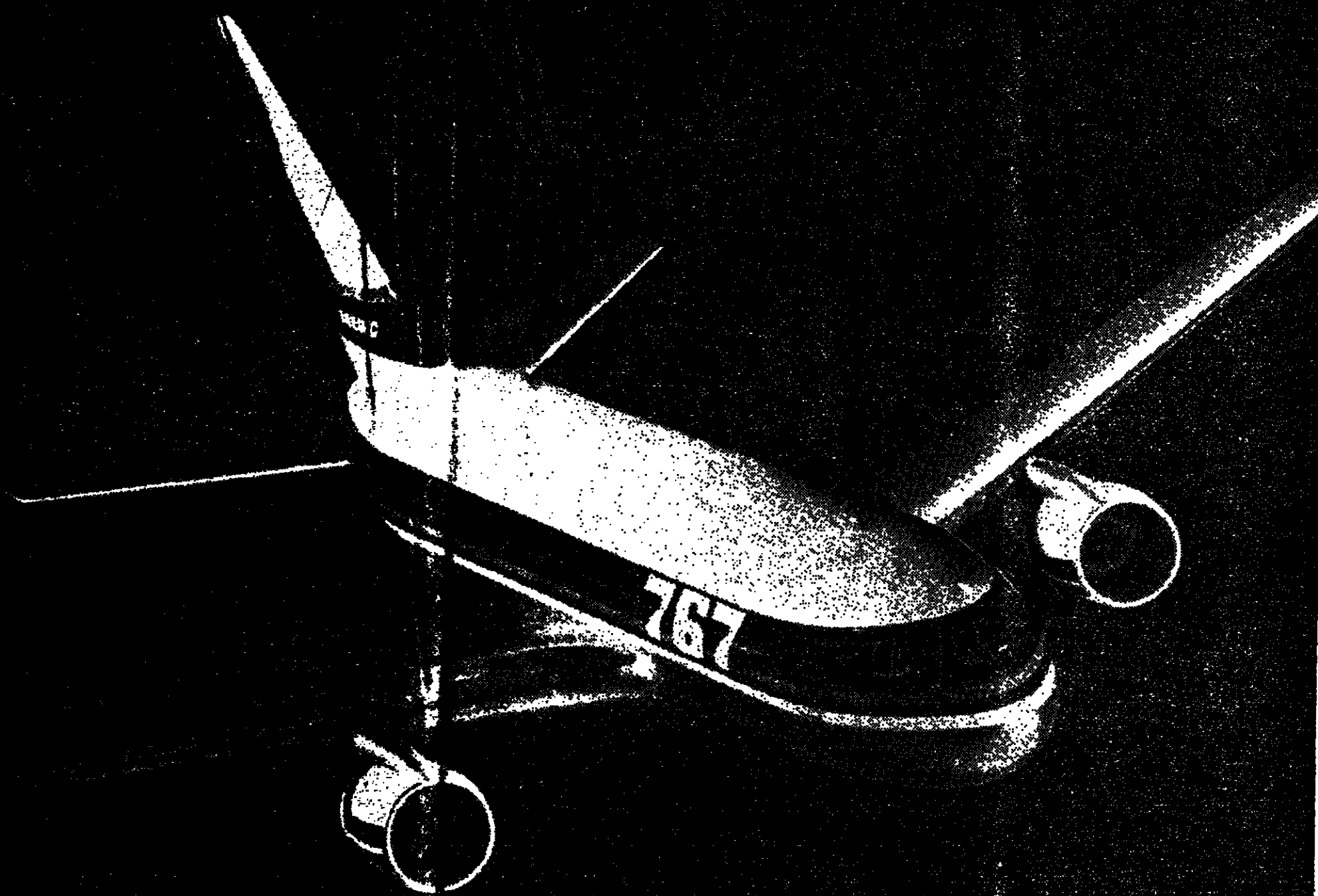
But a permanent arrangement, which satisfies no one, neither the World Bank nor the Carter Administration, which dislikes the disingenuous role Congress has forced it to play, nor Congress, which sees loans made over U.S. objections. "The issue must now be forced to a political conclusion on the floor of Congress," one senior World Bank official says.

The danger of allowing one country to produce its own "hit list" of undesirable projects or recipient countries is that other members of the Bank might want to do the same, and its operations would dissolve into chaos.



# THE NEXT GENERATION:

## THE BOEING 767



With the first orders for Boeing 767s, the next generation of jetliners becomes a reality.

The 767 is a totally new design for the 80s. It establishes new standards of fuel efficiency, comfort and operating economy never before available in a medium range jetliner. It will meet or surpass latest noise regulations.



The wide-body design offers comfort, elbow room, and privacy, with seven-across seating, separated by two wide aisles.

Delivery is scheduled for 1982, when the 767 will take its place alongside other members of the Boeing family of planes: the 727, the most popular jet in history; the 737 Little Giant; the 747 Queen of the Sky.

**BOEING**  
Getting people together



## HOME NEWS

## Gaming machines in clubs 'hit pubs'

By Kenneth Gooding

CLUBS are taking trade away from public houses because they are able to use "enormous" profits on gaming machines to cut beer prices on average by 3p a pint, it was claimed yesterday.

The claim is made by stock-brokers Rowe and Pitman, Hurst-Brown in their Breweries Quarterly.

Mr. Philip Shaw, their analyst, suggests that all the growth in the beer market is accounted for by the clubs and the take-home trade.

"The losers are the brewers, who suffer from lower margins and reduced profits from their managed pubs, and the tenants of their tied houses."

The recent report from the Royal Commission on Gambling put forward only one small concession aimed at helping the pubs compete.

So "clubs will continue to undercut public houses on beer prices and the drift from pub to club will continue."

Pubs were allowed to install only machines for amusement with very small prizes, but registered clubs—of which there were nearly 30,000—could have gaming machines which offered jackpots of up to £250.

The net takings are believed to be very substantial, with some very large clubs having machine incomes of up to £20,000 a year.

"One industry source has estimated that on average beer prices in clubs are some 3p a pint cheaper than those prevailing in comparably sited public houses, and gaming machine income has, at its highest, been known to be equivalent to 5p a pint for every pint sold."

## National Supply to spend £5m in UK

By Kevin Done

NATIONAL SUPPLY, one of the leading U.S. manufacturers of oilfield drilling and production equipment, is planning to spend £5m to expand its manufacturing facilities in the UK.

Mr. Ted Rogers, company president, said yesterday that the main part of the investment would be used to expand capacity at National Supply's existing factory at Stockport, which employs about 600 people.

The company was also looking for a possible second manufacturing site in the UK and was considering locations in Aberdeen, Edinburgh and Northern Ireland.

National Supply is a subsidiary of Arcon Steel of the U.S. Arcon last year sold oilfield drilling and production equipment worth \$47m (£250m) worldwide, representing about 18 per cent of group turnover.

National Supply's sales in the UK last year amounted to about £70m. Mr. Rogers said that the expansion of its UK manufacturing base was not dependent on the development of North Sea oil and gas. About 70 per cent of its UK production was exported, and about half of it was sold to the U.S.

## New jobs

The UK expansion is still to be approved by the Arcon main board, but National Supply hopes to start work on the project, which could create more than 100 new jobs, early next year.

Mr. Rogers said the expansion was linked to developments in the world oil market. The UK is viewed as an ideal base from which to approach this market, particularly because of its bilateral and agreements with countries such as India and because of its financial connections.

National Supply expected the world market for drilling and production equipment to keep well ahead of general economic growth.

## Eastern investments aid pension funds

BY ERIC SHORT

JAPANESE, Far Eastern and Australian funds have proved to be the best investment for pension funds over the first half of this year, according to figures provided by pension consultants Harris Graham and Partners.

The funds were the top equity performers, with Anglo-Nippon Exempt, managed by Foreign and Colonial Group, showing a rise of 70 per cent over the period and Japan Exempt, managed by Edinburgh Fund, recording a 58.5 per cent rise.

However, the average performance of equity funds was a modest 4 per cent rise over the period—four times the increase of the FT-Actuaries All Share index of 1 per cent.

But it failed to match the movement of National Average Earn-

ings, up 9.9 per cent, or the Retail Price Index, up 4.7 per cent. In all, 46 out of the 54 equity funds analysed beat the index.

Property funds showed the best average performance over the period moving ahead by 8.3 per cent. The best fund was Friends Provident Property with a rise of 22.2 per cent and even the worst fund showed an increase of 1.4 per cent.

Fixed interest fund, in contrast, showed falls in value averaging 3.4 per cent—on a par with the decline of 3.7 per cent in the FT-Actuaries All Stocks-gilt

index. The only fixed-interest funds to record a rise were the cash funds.

But in pension fund investment, it is very important to get the correct mix of equities, property and fixed interest. The schemes can either do this themselves or leave it to the financial institution by investing in a mixed fund.

However, the average performance over the first half of the year showed a rise of only 0.2 per cent with Friends Provident Managed the best performer with a rise of 4.3 per cent.

THE PENSION FUND PERFORMANCE, FIRST SIX MONTHS 1978

	Equity	% change	Interest	% change	Property	% change	Mixed	% change
Top		+69.8	+3.9	+22.2	+4.3			
Average		+4.0	-3.4	+8.3	+0.2			
Bottom		-6.9	-8.8	+1.4	-2.6			

loss" on The Shadows and on the race tracks.

The Shadows had sued four members of the Arrows team, all formerly associated with the Nichols company, alleging breach of copyright and claiming an injunction and damages.

The four were former racing driver Jackie Oliver, designer Tony Southgate, team manager Alan Rees and draughtsman David Waag.

The judge awarded damages, to be assessed, against Mr. Oliver, Mr. Southgate and Mr. Rees. He held that the three F1 cars from the Arrows stable at Milton Keynes were in substance infringing reproductions of drawings of The Shadow DNs.

The judge said that the Arrows team had stolen a march on their rivals and indicated "a limitation

## Copyright breached by racing car

A GRAND PRIX car was ruled off the world's racing circuits by a High Court judge yesterday.

"It would be a mockery of justice if the Arrows F1 car was allowed to race," said Mr. Justice Templeman. He ruled that 40 per cent of the car's components had been copied from the rival Shadow DN9 car, owned by Mr. Don Nichols, an American.

Mr. Nichols' Advanced Vehicle Systems Inc., which races as The Shadows team, was granted an injunction banning the Arrows cars from competing in any races.

The judge said that the Arrows team had stolen a march on their rivals and indicated "a limitation

## Employers 'should give more health information'

BY PAUL TAYLOR

EMPLOYERS should provide the Health and Safety Executive with much more information about occupational ill health, the Health and Safety Commission suggested yesterday.

In a consultative document, the commission said the law requiring notification of occupational ill health should be extended and rationalised to cover a wider range of diseases.

Present regulations under the Factories Act are "unsatisfactory" and because they have been built up in an ad hoc basis over a number of years they cannot provide the information required by the executive under the 1974 Health and Safety Act.

Instead, the commission wants the Factory Act requirements scrapped and a package of wide-ranging proposals introduced that will place much greater emphasis on employers to report cases of occupational ill health.

For the first time employers should be required to notify cases of ill health which might have been caused by exposure to harmful substances.

Employers should also maintain a register of all occupational ill-health cases and inquiries, and notify the executive of any incidents of ill health which prevent employees continuing work for at least four hours.

In 1975-76 there were 14,674 claims for benefit, of which 90 were for notifiable diseases under the Factories Act.

The commission has invited comments on the proposals to be submitted before October 27.

Draft document on the notification of occupational ill health: HMSO; 50p.

## New curbs on advertising Health Service drugs

BY JAMES McDONALD

NEW CONTROLS on the content and form of advertisements for medicines prescribed under the National Health Service will be introduced on December 1, the Department of Health and Social Security said last night.

The regulations apply to any advertisement addressed to a doctor or dentist and aimed at persuading him to prescribe or supply a medicinal product.

Under regulations published by the Department on January 27 last, advertisements that could lead to the use of a medicine for do-it-yourself treatment of diseases and self-treatment are banned as from today.

The Medicines (Advertisements in Medical and Dental Journals) Regulations 1974, SI 1974 No. 1029, SO, 30p. The Medicines (Labelling and Advertising in the Public) Regulations, SI 1975 No. 11, SO, 25p.

## Company to sack 200

BY TIM DICKSON

THE GENERAL ENGINEERING of £512,000 before tax for the Company (Radcliffe) plans to cut its work force by more than 200 in the next two months, it was announced yesterday.

The group, in Manchester, UK, which reported losses last week

## Don't cut prices of council homes, says Labour

By Michael Cassell, Building Correspondent

THE LABOUR PARTY yesterday called for an end to the practice of selling off council houses at discount prices.

The party's national executive committee said that it could not support a system under which public assets, paid for over the years by tenants, ratepayers and taxpayers, should be sold at anything less than full market value.

At present, local authorities can sell homes at up to 20 per cent less than the market value, provided there is a pre-emption clause giving the council the right—for five years—to buy back the houses on resale at the original price.

Authorities can apply for special consent to sell at a 30 per cent discount, in which case a longer pre-emption period is imposed.

Valuation

The Labour executive recommends that any council house sales should be based on full market valuation and that discount schemes and pre-emption periods should be ended.

Mr. Frank Allam, MP, chairman of the working group which produced last week's Labour Party report: A New Deal for Council Housing, said in London yesterday that while the party was opposed to the indiscriminate sale of council homes it recognised the right of local authorities to sell if they had been elected to do so.

It was wrong, however, that publicly-owned assets should be disposed with at "bargain basement" prices.

In an attack on Conservative housing policy, the party executive said that the Opposition did not want to develop public housing but intended to dismember it, largely by selling off council homes without any regard to the social consequences.

Fuel bills aid to be repeated

THE GOVERNMENT had decided to repeat last winter's scheme for helping people on supplementary benefit and family income supplement with their fuel bills, Mr. Anthony Wedgwood Benn, Energy Secretary, told the Commons yesterday.

Under the scheme, 3m people will receive a £5 basic payment in January, plus a discount voucher, to be offset against electricity bills. The Government is considering extending the scheme to other people with low incomes.

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## WORKING BRITAIN



PAUL CHEESERIGHT opens a summer series spotlighting areas and products for which they are famous

THE WHITSTABLE oyster is alive and well, but for commercial purposes is living at the bottom of a plastic tank in a hatchery.

The bivalve which titillated the palates of the Romans and the pen of Charles Dickens is dead, the victim of bacteria, icy weather and lack of cash.

Hopes of revival linger, not only in the minds of veteran fishermen but in the muted plans of local businessmen. Indeed, one of the results of cleansing the Thames estuary could be a revival of the Whitstable Royal Native to the luxury restaurants of London.

It got there in the first place by a sharp reversal of the habits of the 19th century, when Sam Weller and Mr. Pickwick talked in a Whitechapel street.

"It's a very remarkable circumstance, sir," said Sam, "that poverty and oysters always seem to go together."

"I don't understand you, Sam," said Mr. Pickwick.

"What I mean, sir," said Sam, "is that the poorer a place is, the greater call there seems to be for oysters."

Oysters, 1d for 100 in 1273 and 33d for 100 in 1890, became a luxury after World War I. They cost nothing to grow, they gain their nourishment from the sea.

But in 1920-21 Nature did its worst and almost the whole Whitstable stock was destroyed by parasites in what Whitstable is called the Black Death. The industry has never recovered.

The oyster is fabled but susceptible to cold, and the stock was nearly wiped out again in 1940 by the severe winter. The same thing happened in 1947 and yet again in 1963, just after the two-year-old had been introduced to the fattening grounds. That was the last major attempt to revive the industry.

Conditions may be good for another attempt provided risk capital can be found. The vagaries of the weather put an emphasis on risk.

5,000 a month

The oyster beds exist by virtue of the levels of salinity in the water. Rivalues run into the sea and "the water has a 3 per cent salt solution which is the correct habitat for oysters."

The rivalues also provide the oysters with the nourishment that in turn gives them, or used to, a unique flavour.

Traditionally, oysters would be bred on the public fishing grounds of Whitstable and then fattened on special beds just offshore. If the oyster had been

abandoned the name Seasalter Ham and Oyster Fishery Company and called itself Seasalter Shell Fish, which still occupies a harbour site but has no oyster dredges.

What it does have is a hatchery—a large number of tanks where both native and foreign oysters are bred for sale and fattening elsewhere.

Mr. John Bayes, explaining that the hatchery sells some 20m oysters in total measuring between 10mm and 15mm across a year, the company has a turnover of about £100,000, producing a profit of £15,000. It is a business exercise in oyster science.

When the company has some spare cash it might start revitalising the old fishing grounds to which it has title, but Mr. Bayes thinks it would need about £2m to get back into business. He is more worried about paper mill pollution than Mr. Rowden is.

Seasalter Shell Fish is not in the near future likely to put capital at risk even if it becomes available. Its parent is Associated Fisheries, which has more pressing financial problems with which to contend.

Whitstable Notice: by J. E. Stevens, published by K. C. Hall; 21.

BRITAIN'S secretaries are the worst paid in Europe in spite of severe staff shortages throughout the country and record salary increases in London, says a survey published yesterday.

The latest survey of the Alfred Marks Bureau shows that staff shortages pushed up salaries by a record £2.25 a week in London between March and May 1978, bringing the experienced secretary's average wage up to £66.75 a week.

The annual increase in the average £54.75 salary of all central London office staff was 13.5 per cent. This represented a real income gain of 5.2 per cent in pre-tax earnings.

A recent Management Centre (Brussels) survey of details of which are published in the Alfred Marks Bureau survey, shows that a senior secretary in Switzerland, for example, has a net real salary of £6,058, her counterpart in Belgium £4,764 and in Germany £4,386. The British equivalent would receive only £2,315.

Full employment

Demand for qualified office staff in Britain is increasing rapidly. During the next few months, more than 130,000 newly-trained secretaries will be looking for jobs and the Alfred Marks Bureau has forecast full employment.

Mr. Bernard Marks, chairman, said that vacancies registered during the quarter March-May, 1978, in central London increased by 37 per cent in comparison with the same period 12 months ago.

Restaurants will have to show prices

By Our Consumer Affairs Correspondent

PROPOSALS FOR restaurants to display food and drink prices outside their dining area were published yesterday by the Department of Prices.

The draft order requires restaurants and cafes to give customers the opportunity before entering of seeing prices, information about service charge, cover charge, VAT and any minimum charge.

The Government's new system of price controls, announced early last month, comes into force today.

It replaces the more rigid controls of the old system with a more flexible system of investigations into prices as outlined in the 1977 Price Commission Act. Only increases which will yield over £1m will need to be justified by information comparable to that which has been required.

Car import curb talks likely

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH motor industry is expected to seek a further round of restrictions against Japanese car imports when the present agreement runs out at the end of this year.

No formal meetings have been arranged as yet. But the Society of Motor Manufacturers and

Traders, the representative body for the industry, is likely to meet the Japanese authorities later this year.

It is likely that the Department of Trade will stay on the sidelines and see how successful the society is in its negotiations before making a move to intervene.

Pressure to renew the agree-



Gamecock, Bill Coleman's oyster snack, is the only local vessel which regularly fishes the Whitstable oyster grounds. When Harold Rowden, now 75, started as a youngster of 12 there were 30 vessels working.

## Whitstable oysters might thrive in clean Thames

The argument is advanced by both bred and fattened locally and sold by the Whitstable Oyster Fishery Company it carried the description Royal Native.

Immediate prospects for rehabilitation of the industry in its traditional form centre on the company, formed by Act of Parliament in 1898 from the Company of Free Fishers and Dredgers of Whitstable. It was part fishermen's co-operative, part public company and has not paid a dividend since 1923.

Latterly Green and Knight, a local private property and retailing concern, bought about a third of the shares. Mr. Barry Green points out that all the facilities are available for a revival, and demand is easy to create. A venture which turned over 5,000 oysters a month would pay, he says.

Whitstable Oyster Fishery has storage tanks and other shore facilities and the main asset is a fattening bed, "which produces the best oysters in the world."

Mr. Green's main problem, now the company is to raise the cash to repair the shore facilities, clean up the fattening bed and introduce new stock.

Whitstable Oyster Fishery still does some small trading in pre-tax earnings.

A recent Management Centre (Brussels) survey of details of which are published in the Alfred Marks Bureau survey, shows that a senior secretary in Switzerland, for example, has a net real salary of £6,058, her counterpart in Belgium £4,764 and in Germany £4,386. The British equivalent would receive only £2,315.

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Pressure to renew the agree-

ment, under which the Japanese Ministry of International Trade and Industry monitors Japanese shipments to the UK, came yesterday from Mr. Doug Howle, Labour MP for Nelson and Colne.

He said after a meeting with Mr. Edmund Dell, the Trade Secretary, that he would be urging the Government towards a tougher stance on the issue.

SALE ROOM

BY PAMELA JUDGE

people went to the sales and the viewing galleries, an increase of 10.5 per cent.

Impressionist and contemporary works accounted for £23.3m (£18.5







# THE NORWEGIAN STATE AND MUNICIPAL POWER CONSORTIUM SIRA-KVINA KRAFTSELSKAP 7½% Sterling/Deutsche Mark Bonds 1983

S. G. WARBURG & CO. LTD., announce that Bonds for the amount of £460,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 1st September, 1978.

The numbers of the Bonds so drawn are as follows:—

£500 Bonds									
12033	12048	12074	12095	12101	12121	12139	12144	12150	12157
12164	12173	12185	12192	12199	12211	12217	12235	12240	12247
12254	12263	12276	12282	12293	12303	12307	12314	12322	12331
12341	12350	12362	12370	12378	12386	12394	12402	12410	12418
12426	12434	12442	12450	12458	12466	12474	12482	12490	12498
12506	12514	12522	12530	12538	12546	12554	12562	12570	12578
12586	12594	12602	12610	12618	12626	12634	12642	12650	12658
12666	12674	12682	12690	12698	12706	12714	12722	12730	12738
12746	12754	12762	12770	12778	12786	12794	12802	12810	12818
12826	12834	12842	12850	12858	12866	12874	12882	12890	12898
12906	12914	12922	12930	12938	12946	12954	12962	12970	12978
12986	12994	13002	13010	13018	13026	13034	13042	13050	13058
13066	13074	13082	13090	13098	13106	13114	13122	13130	13138
13146	13154	13162	13170	13178	13186	13194	13202	13210	13218
13226	13234	13242	13250	13258	13266	13274	13282	13290	13298
13306	13314	13322	13330	13338	13346	13354	13362	13370	13378
13386	13394	13402	13410	13418	13426	13434	13442	13450	13458
13466	13474	13482	13490	13498	13506	13514	13522	13530	13538
13546	13554	13562	13570	13578	13586	13594	13602	13610	13618
13626	13634	13642	13650	13658	13666	13674	13682	13690	13698
13706	13714	13722	13730	13738	13746	13754	13762	13770	13778
13786	13794	13802	13810	13818	13826	13834	13842	13850	13858
13866	13874	13882	13890	13898	13906	13914	13922	13930	13938
13946	13954	13962	13970	13978	13986	13994	14002	14010	14018
14026	14034	14042	14050	14058	14066	14074	14082	14090	14098
14106	14114	14122	14130	14138	14146	14154	14162	14170	14178
14186	14194	14202	14210	14218	14226	14234	14242	14250	14258
14266	14274	14282	14290	14298	14306	14314	14322	14330	14338
14346	14354	14362	14370	14378	14386	14394	14402	14410	14418
14426	14434	14442	14450	14458	14466	14474	14482	14490	14498
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15386	15394	15402	15410	15418	15426	15434	15442	15450	15458
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15546	15554	15562	15570	15578	15586	15594	15602	15610	15618
15626	15634	15642	15650	15658	15666	15674	15682	15690	15698
15706	15714	15722	15730	15738	15746	15754	15762	15770	15778
15786	15794	15802	15810	15818	15826	15834	15842	15850	15858
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15946	15954	15962	15970	15978	15986	15994	16002	16010	16018
16026	16034	16042	16050	16058	16066	16074	16082	16090	16098
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19546	19554	19562	19570	19578	19586	19594	19602	19610	19618
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19706	19714	19722	19730	19738	19746	19754	19762	19770	19778
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20986	20994	21002	21010	21018	21026	21034	21042	21050	21058
21066	21074	21082	21090	21098	21106	21114	21122	21130	2



BY CHRISTIAN TYLER, LABOUR EDITOR

The Sun dispute is emerging as a major test of the Government's criteria for exempting productivity deals from the guidelines.

BY NICK GARNETT, LABOUR STAFF

Dr. Mabon has already said that unless the industrial troubles decrease oil companies and multinationals will

## One-day strike b

WORKERS CONTROLLING the

### By Our Labour Editor

In a circular to officers and branches published yesterday, Mr. Clive Jenkins, the general secretary, says: "We shall be looking at this provision very

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

is that any militant action, such as picketing the Edgwick site, will add to the losses and endanger jobs.

In their campaign against re-

Dr. Mabon has already said that unless the industrial troubles decrease oil companies and multinationals will

## One-day strike b

WORKERS CONTROLLING the

**WORKERS CONTROLLING** the flow of natural gas into the national grid struck for 24 hours yesterday, but British Gas said that there had been no reduc-

The strike by members of the NALGO British Gas Operations branch was in protest against delay in reaching an agreement on trade union facilities.

BY PHILIP BASSETT, LABOUR STAFF

A commitment on pay comparisons, as well as "substantial" pay increases and consolidation of supplements from Phases One and Two was a major part of the industrial

2,200 from the Royal Ordnance Factory at Bishopstown, 150 from Glasgow Department of Employment and 300 from the National Physics Laboratory in London.

\* One major exception, though, is expected to be at Chatham dockyard, where workers have

BY NICK GARNETT, LABOUR STAFF

The claim involves a 14 per

our reply to the claim will be dictated by the industry's ability to pay and by our members' ability to operate ships profitably. "Further, and very important, any settlement which we con-

BY OUR LABOUR STAFF

The six men were all members of the National Union of Funeral Service Operatives and worked under a closed shop agreement for the Colchester and East Essex Co-operative Society. In

The funeral workers told the committee's inquiry into the case that last November they had decided to withhold money from the fund in order to bring pressure to bear for a general

inquiry into complaints about the operation of the society's funeral department, including closed-shop problems. The money involved was not more than £10 a man.


Correction to the Annual Report which appeared in the Financial Times on July 12, 1978

The last paragraph of the report of "SIDENOR" Steel Works.

"After deduction of dividend taxes, net profit and reserves transferred for distribution amounted to Dr. 158,825.261. Of this, Drs. 11,000.000 were allocated to the Ordinary Reserve and Drs. 147,778.263 for a gross dividend of Drs. 1.138 per share."

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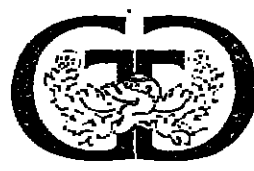
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QUITO\* RIVERA\* S. LOPEZ\* ROTTERDAM\* SAN FRANCISCO\* SANTA CRUZ DE LA SIERRA\* SANTIAGO\* SYDNEY\* SINGAPORE\* STOCKHOLM\* TEHRAN\* TOKYO\* TORONTO\* VALPARAISO\* VIEJANA\* WASHINGTON\*  
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Reply to Box G2338, Financial Times, 10, Cannon Street, EC4A 4BY, and an early, completely confidential meeting will be arranged.

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Write Box G2349, Financial Times, 10 Cannon Street, EC4A 4BY.

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We envisage a price around £350,000. Principals only, please reply to Box G2354, Financial Times, 10, Cannon Street, EC4A 4BY.

## PRECISION GRINDING COMPANY

Old established Roll Grinding Company for sale. Valuable freehold site of 2 acres in the West Midlands with fully equipped plant. Good record of profitability. Enquiries, from principals only, to H. H. Sherwood and Co., Post and Mail House, Colmore Circus, Birmingham, B4 6AT.

## BUSINESSES WANTED

Public company engaged in the manufacture and distribution of electrical products and components is seeking expansion by acquisition of suitable companies in allied or complementary trades. Management essential with service agreements. Vendors to retain at least 25% of equity.

Entrepreneur proposing for risk capital will be considered. In electronic or computer field. Proposals offered should have young dynamic staff, anticipating a profit sharing future with their company.

Write in first instance giving outline proposals to **THE CHAIRMAN, WELCO HOLDINGS LIMITED.**  
9 Lower Grosvenor Place, London SW1W 0EN

## BUILDING INDUSTRY

Company actively engaged in the Building Industry seeks to acquire the whole or share of companies engaged in allied trades, i.e. cavity wall insulation, double glazing, wall coatings, etc. Retention of existing management is important.

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WITH OR WITHOUT EXISTING MANAGEMENT

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An established private company with south-west sales, good record, and adequate funds, marketing agricultural machinery, home and overseas, seeks association with Chemical Company, possibly involving a joint venture in a complementary field with the object of widening its trading base. Principals only should contact: Managing Director, c/o Box G2346, Financial Times, 10 Cannon Street, EC4A 4BY.

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## Medical Assistance for Companies

care international Ltd. Group House, Woodlands Avenue, London, W.3. Tel: 01-992 5077. Telex 934525.

## DEF (Data Entry Facility) software

ware on a £30,000 configuration comprising a Model 6/43 processor with 160K bytes of memory.

DEF is a software package for the installation of two large-scale computers—a 2970 and a 2976—at its computer centre in a 2976.

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## APPOINTMENTS

# Senior changes at Bowater

Mr. A. E. Dalloch, executive vice-president of Bowater Incorporated and a director of the Bowater Corporation, is to retire in March, 1980. He will relinquish his position as executive vice-president on April 1, 1979, but will remain a director of the Corporation and a director and vice-president of Bowater Incorporated until his retirement.

It is intended that Mr. A. P. Gamble, at present chairman and managing director of Bowater United Kingdom, will move to the U.S. at the end of this year and will succeed Mr. Dalloch as executive vice-president of Bowater Incorporated.

Mr. Robin Harvie-Smith has been appointed managing director of HODGE LIFE, a subsidiary of the Standard Chartered Bank Group. Mr. Philip Lee, a director and general manager of Hodge Life, will continue to have special responsibility for broker service and sales.

Mr. Gordon S. Planner has been appointed chairman of the newly-formed Business Relations Group of the LONDON SYMPHONY ORCHESTRA. Mr. Planner, who is



Dr. A. I. Lenton

executive to control the company's Data Services Division. The executive consists of Mr. Len Rawle as chairman, Mr. Basil Bain, national marketing; Mr. Ray Toe, Unilever marketing; and Mr. Fred Meyden, computing division. In addition, Mr. Roger Tomlinson has been appointed as Services Development co-ordinator.

Mr. John Austin has joined SHAFTE SPORTS as managing director.

Mr. Ivan Bruce has been appointed financial director of MECANO, and Mr. Trevor Dence has become manufacturing services director.

Mr. T. Broadhurst and Mr. R. C. Weston have been appointed brokers.

Mr. D. P. Johnson, Mr. E. J. Sherley-Dale, Mr. A. G. Moore, Mr. P. J. Bulman, Mr. R. G. Whitmore, Mr. D. N. Allison and Mr. W. J. Welford, group senior executives of CORAL LEISURE GROUP, have been appointed associate directors.

Mr. C. A. H. Monk has been appointed to the Board of HILL SAMUEL AND CO.

Mr. J. R. Henderson has been appointed chairman of BARCLAYS BANK TRUST COMPANY in succession to Mr. D. E. Wilde.

Mr. Michael J. Phillips has been appointed general manager, foreign exchange and money market department of LONDON AND CONTINENTAL BANKERS.

Mr. Roland Bertoldo will be leaving the PERKINS ENGINES GROUP at the end of this month to join the Board of LEXION COMINO INTERNATIONAL.

Mr. D. H. Andrews has been appointed a director of the PRINCIPALITY BUILDING SOCIETY. He is a director of E. Dingle and Son, a subsidiary of the House of Fraser, and holds directorships in various family companies.

Mr. P. J. Hoemmans has been appointed president of AORIL EUROPE INC., based in London. He succeeds Mr. H. C. Lewinsky, who has been elected chairman of the Vorstand (Management Board) of Mobil Oil AG in Germany and a director of Mobil Oil in Austria and Mobil Oil Switzerland. Mr. Hoemmans was previously general manager of Mobil Oil AG.

Mr. G. A. Early, general manager investment division of COMMERCE UNION ASSURANCE, will be retiring at the end of this year. From January 1, 1979, Mr. G. Early will become investment manager (international). Mr. A. Evans will be responsible for all investments at present being handled by the investment division in London while retaining his title of investment manager.

Mr. Peter White, sales manager of ALACRA, has been appointed sales director.

Mr. F. M. E. Guller has resigned as an executive director of C.H. INDUSTRIALS to devote more time to his other business interests.

UNILEVER COMPUTER SERVICES has created a management

## HOME CONTRACTS

# ICL is awarded £5m computer orders

INTERNATIONAL COMPUTERS has won three contracts worth about £5m. The biggest, worth £2.1m, was awarded by the Postmaster General's Office for the installation of two large-scale computers—a 2970 and a 2976—at its computer centre in a 2976.

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## BUSINESSES FOR SALE

## Plastics Trade Moulding Company For Sale

Engineering company situated in the North East wishes to dispose of its plastic trade moulding interests. The assets for sale will include a freehold multi-storied factory of approximately 60,000 square feet, situated on a three acre site. Present turnover £900,000 per annum. Sale as going concern to include freehold factory, machinery and stock for £300,000.

For further details please write to JIH Owen.

Thomson McLintock & Co

70 Finsbury Pavement London EC2A 1SX

T.M.L.

## BOAT COMPANY FOR SALE

Due to a growing turnover in the main activity of a Swiss holding company, demanding bigger financial efforts and concentration, the holding seeks acquisition of its total participation in an import and distribution company for boats, outboard engines and outdoor equipment. The company is domiciled in Switzerland, has well-equipped localities and is agent for brands of world-wide renown. The company is expanding.

Information is given to interested persons on request under Number C 18-115311 - PUBLICITAS - CH 1211 Geneva 3

## RESTAURANT/ NIGHT CLUB

Prime position, Mayfair

Luxuriously furnished.

Seating 250 people.

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## SHEET METAL FABRICATION COMPANY FOR SALE

ESTABLISHED OVER 20 YEARS

HERTFORDSHIRE BASED

Turnover £1,500,000 p.a. Not assets



JOHN BOREHAM this morning takes over as Permanent Secretary of one of the most respected departments in the whole of Whitehall and one of the most detached from daily party political influences. He succeeds Sir Claus Moser in the twin posts of director of the Central Statistical Office and head of the Government Statistical Service. This means that he is ultimately responsible at the official level for the provision of a mass of statistical information to the Government and the public, advising Ministers both on the quality of the figures and the trends they show.

The essence of the operation is the maintenance of the integrity of the statistics to ensure that the figures are not interfered with or leaked for

political or commercial advantage. Indeed, the Government decides and makes known well in advance exactly when the main economic statistics will be published, with the result that politicians, fit their election figures or retail price index rather than vice versa.

But this does not mean that the CSO's work is uncontroversial—far from it, considering the constant jibes which statisticians have to face over the reliability of their figures. In a number of cases the later revision of initial estimates has been as large as the original change. John Boreham and his staff are well aware of this problem, especially given the time constraint: the UK produces its main monthly economic indica-

## New figure in charge of statistics

tors much more quickly than other countries.

Work has been under way to see why discrepancies occur, though there are no easy solutions. For example, there is often a large unsupervised balancing item in the quarterly balance of payments figures which can be as big as the current or capital account balances. The problem is that the non-visible trade items, such as the City's financial transactions, are effectively estimated from other figures and a direct recording, as on visible items, would involve a disproportionate cost.

A related problem is that of fluctuations in the monthly series—for instance, the trade figures have swung sharply from month-to-month with export or import volume rising or falling by as much as 5 per cent. The statisticians are sceptical about whether the underlying figures change as much as this, but improvements in documentation are extremely expensive.

On this theme, John Boreham believes that closer relationships between Whitehall statisticians and business users might help to overcome some of the prob-

lems associated with discrepancies and revisions. One idea is to ask a company to produce information not needed for its operational purposes, on the grounds that such facts would not be of interest anyway.

The CSO has been determined to serve the outside public as much as the rest of Whitehall. A feature of Sir Claus Moser's period has been the expansion in the range and quality of the Government's statistical publications, notably the introduction of Social Trends and the rejigging of Economic Trends.

John Boreham, who is 53 and

has been in Whitehall since 1950, has been closely associated with this work in his capacity as what he calls the chief describer of the CSO. A review of its publications is three-quarters complete and this may be followed by the redesign of some of the older ones such as the Monthly Digest and Annual Abstract.

A key constraint on both the publications and the work done internally by the CSO is number of staff. The tight limit on public spending has meant that the number of professional statisticians in the CSO has stopped growing, and there is little spare staff (or time) for new developments, although there is certainly no shortage of possible projects.

John Boreham would ideally

like to see more work done on the relationships between individual income and household expenditure—for example, how many people with low incomes live in well-off households. Similarly, there is a vast area of uncertainty about the pattern of income during a lifetime, and about the joint distribution of wealth and income among the bottom 80 per cent of the population. These are not merely esoteric matters, surely of interest to the academic or politician, but they are also of crucial importance in deciding the right mix of social protection policies. In this way, the CSO is at the heart of advice on policy formation.

PETER RIDDELL

## Why can't a woman be more like a manager?

BY JASON CRISP

AT THE end of the press conference at which the British Institute of Management unveiled its Managers Manifesto, one female journalist demanded to know why the BIM had omitted to declare its stance on the issue of women in management. Sir Derek Ezra and Roy Close, chairman and director general respectively, first looked slightly alarmed, then obviously not occurred to them that they might have included it—and then, in all innocence, they announced simply that there was no prejudice against women in management.

While it is questionable whether the matter should have been included in the manifesto, it is revealing that two such notables in the world of management could declare in good faith that the problem does not exist.

Those businessmen who also believe that women have as fair a chance as their male counterparts to climb the management ladder, might well question why there are hardly any women in management.

Some interesting evidence on the extent of the problem is emerging from Ashridge Management College. As part of a Training Services Division research project, Lorraine Paddison has been studying 10 sizeable organisations. The project is being conducted in two parts. The first, which is now complete, was a study to see why women were making little inroad into managerial positions.

The second, which makes the project somewhat different from

most research studies, is more in line with a management consultant's role than an academic's. Within each of her 10 organisations Paddison and her team will be looking at ways in which the companies might overcome the inhibiting factors which are preventing women from succeeding in management.

### Problems

The companies comprise a varied batch of differing sizes, although most are familiar names within their fields and, as Lorraine Paddison likes to emphasise, each has unique problems.

Among the organisations are a clearing bank (40,000 employees); a paper manufacturer (10,000); a fashion retailer (12,000); an electronic group (45,000); a television company (2,000); a photographic materials manufacturer (10,000); a district council (700); and a chemical company (700).

Although each company's problems may be unique, Paddison has determined some general trends and reasons as to why women do not succeed in management. These, she warns, are rather superficial—the real lessons will be learned from the detailed programmes within the companies—but for those managers (male) who deny that female managers have a harder time, her evidence may be revealing.

Her studies have shown three basic reasons why women have not succeeded in management. She calls them: structural; not

factors associated with women themselves; and company climate.

To illustrate how structural problems can affect women's movement up the management ranks, Paddison gives the clearing bank as an example. The bank's most common form of intake is school leavers with O and A levels, who enter the clerical grade. Anybody who hopes to have a career within the bank must take the Institute of Bankers' exams.

It is here that the first difference in treatment is detectable. It is "assumed" that the boys will study for the exams and they are very strongly encouraged to take them—whereas for women the reverse assumption is made.

In this bank—and no doubt other clearing banks—the vast majority of women remain within the clerical grades, usually as your friendly counter clerk. In the fullness of time they marry and leave the bank to have children and do not return again.

Out of this bank's 40,000 employees, there are 2,983 managers, of which 20 are women. Although more women are taking the Institute of Bankers' exams, the majority still do not attempt them.

There is also the difference in attitude among the employees, that the men expect to get on—encouraged by the bank—while the women do not share these expectations and are not encouraged to think differ-

ently by the bank. Of course those women with great determination and drive—often greater than their male colleagues—will take the exams to reach, around the age of 25, supervisory grade.

In this grade bank employees have to be reasonably mobile, spending on average two years at each branch. This provides another problem. It is an age at which people are thinking of marriage, and a clash develops if the husband and wife have careers which look like taking them to different corners of the country.

By their mid-thirties career bankers may expect to be branch managers, but of course are still expected to be mobile. Paddison notes that those women within the bank who have become managers are over 40 and single. Apparently they led traditional lives until they were about 30, when it was noticed that they were not married and it was suggested that they took up a career.

How to solve these types of structural problem is far from easy, as Lorraine Paddison is the first to recognise: "Are we saying that if a woman wants to be a manager she must be able to expect her to be on the same basis as a man? Or is it reasonable to expect the bank to be more flexible for women?"

This is obviously a very important point. How much can a company reasonably be persuaded to do to provide women with a greater opportunity to

succeed? The strongest argument—though it may not carry much weight with individual managements—is that they are wasting a rich seam of talent. But a factor more likely to influence the companies is outside social pressures.

The second main reason why Lorraine Paddison found that women were not succeeding was "women themselves." A major disadvantage that they have compared with men is—surprise, surprise—that of childbearing. A lot of women whom she interviewed saw themselves quite clearly as either having children or a management career.

Perhaps less obvious is that, according to her research, women have less confidence than men at any given age or with any qualification. Asked to describe their strengths and weaknesses within their jobs, women always began by describing their weaknesses, and were much more diffident about their strengths. Asked to assess their male colleagues, the women tended to adopt almost exactly the opposite approach, as did the men about themselves.

### Diligence

Women as managers are generally seen by their companies to be very conscientious and their diligence is perceived as their great strength. But as Paddison points out, "One of the qualities for success in management is to be able to think broadly and to relate what you are doing to outside events."

While men may not be as good at detail, their attitude does tend to be more strategic. This is interestingly demonstrated by the fact that women do not look at their careers in the strategic way that men often do.

On her third category, company climate, Paddison found that it varied widely—and was very dependent on the attitude of the senior managers. Although she was not so unkind as to say so, this is the "male chauvinism" factor. If the senior management believes a woman's place is in the home, it is clear there is going to be little encouragement for the aspiring female seeking to climb the management ladder.

Lorraine Paddison says that her survey showed that senior managers (male) generally preferred working with other men. A typical comment she might hear from them would be: "You can expect total commitment from a man."

She does, however, have an understanding for the man who—like many top managers—fought in the war, struggled to qualify afterwards, and battled his way up through a male career structure. She points out that it is rather inevitable that his views of women are fashioned by the only ones he knows—his secretary and his non-working wife. (Another interesting aspect thrown up in the research is that successful managers do not have career wives.)

The exceptions, and this is Paddison's personal view, are those men with daughters who



Lorraine Paddison: "Are we saying that if a woman wants to be a manager she must be able to offer herself on the same basis as a man?"

are struggling to take up a career themselves.

As the companies involved were all keen to participate in the scheme they are presumably anxious to find out for themselves from an objective outsider, how women fare in management and if there are obstacles to progress, how they may be removed. That in itself may mean that these companies have a more positive attitude to the problems of women. How easily obstacles can be removed will not be seen until Lorraine

Paddison completes the second phase of her work—which continues until 1980—and probably the effectiveness of any measures will not be assessable for some considerable time.

There remains the doubt as to how many women do want to go into management. Paddison replies: "I don't think there are large numbers of women bursting at the gates but there are a number of women with potential and talent from whom companies could benefit. And they don't at the moment."

## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### METALWORKING

## Reclaimed swarf to offer big savings

MILD STEEL machining swarf can be used to produce solid components, according to a method which has been studied in PEKA and the end-products made out of the appropriately treated material show mechanical properties comparable with those of original metal produced by conventional operations.

Preliminary estimates indicate that the method studied could lead to a commercial process in which material cost savings would be in the order of £100 per ton, and while this is short cut to the re-use of swarf, it will not cause much joy to steelmakers, the potential energy savings are well worth considering, apart from material savings.

Reclamation of swarf by methods other than melting is not a new process, but in several previous approaches have involved compacting followed by sintering and further consolidation by forging or extrusion.

But the great problem with the various versions of this approach has been satisfactorily to compact the swarf in its dusty state. Material thus com-

pressed has tended to have inferior mechanical properties and finished products made from it have displayed poor surface finish, whether they have been forged or extruded.

PEKA's method involves an initial comminution of the swarf into a clean and virtually oil-free powder which is then compacted into billets. After sintering, the billets are reheated and then extruded or forged to give components of good mechanical properties and densities as high as 99.6 per cent of the original material.

Examination of the surfaces of some of the forgings revealed that powder particles had been used. But this did not cause surface breakdown and a sound surface was maintained during cutting.

Agreement has been reached for an extension of the study to making specific components from swarf, with extensive testing, and major engineering concerns will take part, with support from the DOL through the appropriate Requirements Board.

PEKA, R and D Division, Melton Mowbray, Leicestershire LE13 0PB. 0664 4133.

### WELDING

## Makes a tiny joint

DEVELOPED SPECIFICALLY to meet the new welding needs of the electronics industry, the PWH 20 precision welding head connects directly with the Hughes VTA 60 imported from the U.S.

able to deliver a weld energy of 150 watt seconds at 1 per cent duty cycle (limited only by electrode temperature), the weld bead is maintained on a vertical cylindrical pillar and the limiting distance for the work piece is 1.20 mm from electrode to the pillar, although this can be increased to 1.68 mm with optional extension arm.

The side-to-side distance occu-

so that compact multiple installations are possible. The body housing the electrical unit and top electrode can be rotated through 360 degrees with respect to the base.

Maximum electrode stroke is 25 mm, adjustable down to 10 mm, while the electrode force can be varied from 14 grams to 9 kg. The mass of the moving parts is low, giving fast electrode follow-up, and the electrode moves in a straight line. The vertical work opening is 57 mm.

More from the maker, Hirst Holden and Hunt, Chapel Road, Tucknham, Cambs, CB20 9JL. (0209 716101).

### PROCESSES

## Print rollers made fast

DEVELOPED by Coherent (UK), the Cambridge laser company, in conjunction with electronic specialist ZED Instruments, of Twickenham, is a machine that can produce rubber rollers for flexographic printing at about ten times the speed of conventional methods.

The machine, known as the Zedco Laser Engraver, is designed for trade or in-house engraving of the kinds of rollers and plates used in the wallpaper, packaging and textile industries. Improved resolution, apart from high speed, is claimed for the equipment.

Instead of the conventional photographic technique employing a zinc master and bakelite negative to get to the rubber stage, the machine cuts the rubber directly with a laser beam.

In fact, two lasers are used. A helium neon unit acts as a scanning source to read the original artwork as it rotates on a "read" roller. The photocell-

derived image density data is then processed electronically to produce a scaling effect so that when the image is reproduced by the bigger carbon dioxide laser on the second, "write" roller, it occupies the full 360 degrees with no seam.

An advantage is that because the image data is stored, it can be "played back" on to the engraving laser at any time, or can be used to drive repeat operation.

The machine has two adjustable engraving depths, one giving a deep cut where pure white images are needed.

According to the company, Zedco can reduce the cost of producing rollers by over 50 per cent in comparison with the conventional photographic/zinc master process.

Time to make a 1.3-metre-long rubber roller is three hours whereas for the conventional process it can be up to 24 hours.

More from Coherent (UK), 13, The Mall, Bar Hill, Cambridge CB6 3LH. (0654 81195).

### PACKAGING

## Reduces cost of labels

BOUGHT-IN printed labels cost five times more than blank stock, and the relative cost can be even higher for smaller orders, says Ripco, 60 High Street, Kings Langley, Herts (Kings Langley 62462).

As a counter-measure the company offers the IDENT 90, a machine for the production of over-printed and plain self-adhesive labels up to 215 mm by 90 mm. The machine is also capable of producing printed tape as is used in the packaging industry.

The only significant additional cost of running the machine, claims the company, apart from

initial tooling costs, is that of the labour involved, adding that the capital outlay of the machine can be recovered very quickly.

Infinitely variable speed control of the material up to 35 metres a minute is provided by a thyristor-controlled 1 hp electric motor which, together with the gearing and transmission, is enclosed in a cabinet forming the base of the machine.

Providing a quick-drying service and free from smell, the rotary flexographic desk-top unit is designed to incorporate high quality rubber blocks to customers' specifications.

### AGRICULTURE

## Less risk of crop loss

SAID DRAMATICALLY to reduce agricultural and horticultural crop losses by completely decontaminating seedlings without damaging them in any way, is a fumigation chamber from GSEA, 14, Station Road, Almside, Southport, Lancashire PR8 3HS (Southport 76974).

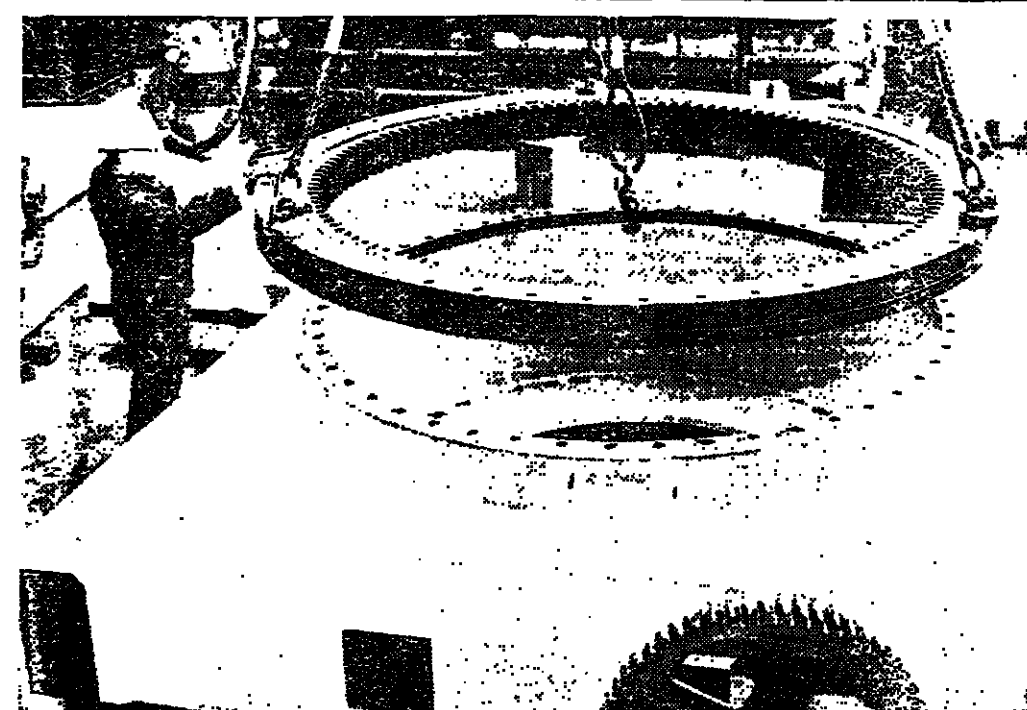
The chamber has a gas metering device, can be built to almost any size, says the company, and is effective with any type of seedling. It is constructed mainly of steel, fully welded and epoxy lined.

Seedlings, etc., are simply spread out on trays and then loaded into the chamber. The purification process, which

involves the use of a specially formulated fumigant, varies in length from one to six hours, depending on the type of seedling or contamination. At the end of the process, the seedlings can be planted immediately in the normal way.

The company has just built a fumigation chamber with a capacity of 120 cubic feet for the Malaysian Department of Agriculture for use in treating palm seedlings at its plantation in Kota Kinabalu, following recent heavy crop losses.

The chamber is also suggested for use at ports and airports to fumigate infected imported plants, vegetables and personal effects.



A three-metre triple roller bearing manufactured at the Dortmund plant of Rothe Erde and supplied by its marketing division, Robello Engineering Company, being fitted to a Rapier NCK Olympus HC 150 crawler crane at Ransomes and Rapier's Ipswich plant. This type of roller bearing has

been designed for high capacity machines where a restriction on diameter has been specified and is used in pedestal mounted, crawler and the larger mobile cranes. It is also used on swing bridges and excavators.

### COMPUTING

## Choice of dot pattern

OFFERED BY Electrographic Audio Visual is a dot matrix impact printer made by Sinschu Seiki in Japan in which options of 5 by 7, 7 by 7 and 9 by 7 formats are available.

Three basic models are being marketed, the 512 for standard talk roll work, the 522 for split tally roll, and the 542 flat bed document printer.

The units operate from DC supplies (the head needs 30 to 42 V and the motor 24 V) and will print 40 columns of characters at three lines per second. The character size is 2.7 mm high by 1.8 mm wide.

The print head life expectancy is stated by the company to be 100 m characters.

More from Printnhouse Lane, Hayes, Middlesex (01-573 1826).

## Minis at Fine Fare

AT A cost in the region of £500,000, Fine Fare is to install a number of DEC machines at its Hertfordshire headquarters, and at six of the main food distribution depots. On-line terminals at three "Shoppers Paradise" depots will also link into the main network.

The headquarters installation will include a PDP-11/70 with a 200 megabyte disc store, two tape drives, two printers and 12 visual display units. Each of

### INSTRUMENTS

## Environment controllers

ELECTRONIC controller and indicator units in a new range from Honeywell called Micronik 100 can be used to solve many kinds of control problems involving temperature and humidity.

The controller, like all the modules, is housed to DIN standards and has an input section which accepts signals from the appropriate sensor, compares the input value with the desired value set on the control knob, and converts the difference into a deviation signal for the output section of the unit.

This in turn produces a signal, electric or pneumatic, that can control a variety of output devices such as motors and controllers. Each Micronik 100 control panel is able to operate up to six output devices in parallel.

Suitable for panel, 19-inch rack or wall mounting, the units are easily installed using a de-

### MATERIALS

## Roof tiles from New Zealand

THE LIGHTWEIGHT roofing system, Decramatic, introduced to this country by AHI Roofing (UK) (part of the Alex Harvey Industries of New Zealand), has been adopted by the London Borough of Newham for renovating 88 properties in the borough.

Based on the character of traditional tiles but incorporating radically different features, the roof has been adopted as a tile shape, the textured surface of stone chip and the strength of profiled steel.

The tiles measure 1330 mm by 370 mm, with seven tile impressions in a horizontal row, and are manufactured from 0.45 mm thick zinc-coated galvanneal steel. The weather face is coated with bituminous emulsion and surfaced with natural stone chips, accurately graded for six in a choice of five fade-resistant colours.

This type of roof is said to be virtually maintenance-free and weighs only one sixth of a conventional clay tile roof. More from the company at 4 Park Terrace, Worcester Park, Surrey KT4 7JZ (01-330 2857).

The unit is fully temperature

compensated and is virtually unaffected by normal process vibration.

All the electronics are double-coated for moisture protection and special attention to the enclosure and the provision of filtering prevents radio frequency interference in the 450 kHz band.

A wide selection of measuring spans, easy adjustment and simplified wiring are additional advantages.

More from Gunness Wood Road, Stevenage, Herts (0438 2366).

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12 LOMBARD Cocktails and currencies

BY MICHAEL BLANDEN

AS WORK begins on the European Community proposals for closer currency links, the effects of the plan could begin to spill over outside the circle of officials and ministers directly concerned with working out the details. Behind the scenes, the enthusiasts for the plan, based in France and Germany, may well try to promote the idea in other directions.

Bankers in London are quite expecting that, through the Brussels commission, they will come under pressure to bring the planned new European currency unit into use in commercial activities. This would make obvious sense to those who see it as the first step in long-term movement towards closer integration within the EEC and the eventual establishment of a common currency.

Essential

For those purposes, it will be essential that the new unit, whatever form it eventually takes, should become more than merely a unit of account used in transfers of resources between the member central banks. There are already a number of yardsticks which could be used for such hook transactions, including the International Monetary Fund's own currency basket, the special drawing right.

Adoption of the new unit as a measure of value, perhaps initially in dealing with private sector bankers and ultimately in trade and commercial transactions, would represent a vital step towards its wider acceptance. Experience with the considerable already known and used, however, suggests that such a move will present problems which may not have been thoroughly examined.

The Finance Ministers of the EEC appeared at their latest meeting to be finding it difficult to arrive at a decision on how the new unit should be measured. The reports indicated that a majority appeared to favour a system similar to the existing European unit of account, which is defined against a basket of currencies. But Germany expressed a preference for relating the European unit to the pattern of the present European snake arrangements.

The international financial markets are by no means unfamiliar with the concepts of a currency basket. The European unit of account has been around for a long time and has been fairly widely used in the Euro-bond market. Quite recently, however, a gap of some months, the

Solutions

Barclays managed to find solutions to the various legal problems raised by adapting the regulations covering international trade to the use of a composite unit of account. The idea has been used to a limited extent and the bank suspects that the response to its initiative may have been wider than was evident from its own experience as other banks expressed a genuine interest in the proposal.

Though the proposal attracted a substantial number of inquiries from commercial and industrial companies, however, the impact has so far been modest. One difficulty is that until the European currency unit or another many expressed a preference for relating the European unit to the pattern of the present European snake arrangements.

The international financial markets are by no means unfamiliar with the concepts of a currency basket. The European unit of account has been around for a long time and has been fairly widely used in the Euro-bond market. Quite recently, however, a gap of some months, the

AN OBSERVER in a French restaurant that has a good wine list will note that more often than not the patrons will choose from the cheese board strong or overripe examples; with the result that the wine, nearly always inordinately expensive in such restaurants, will be massacred. The surest means of ensuring that the wine is not so treated is to order a cheese, but the French, "Tasty" they certainly are, but they coat the palate well-known as aforesaid as a rule. In wine-drinking circles here—and, he said, in France too—it is generally accepted that in a formal meal a glass of red wine be kept for the cheese. Better still, bottle, and if more than one red wine be served then the best and probably the oldest. This should be served, in the French manner, before the sweet, and the cheese, which is clearly difficult to taste a dry wine afterwards. The reason for serving wine and cheese together is because they pair admirably. The cheese flatters the wine, hence the old wine trade saying "buy on an apple, sell on cheese."

However this marriage of cheese and wine has been recently severely criticised in an article in the *Revue du Vin de France*, the semi-official periodical devoted to promoting French wines. The author is none other than M. André Vedel, the

Inspector-General of the Institut National des Appellations d'Origine des Vins (INAO), and he divides the cheeses into three types. First, the very creamy type. "Above a certain percentage of butter fat which appears to be of the order of 50 per cent, cheeses diminish considerably the qualities of red wines. ... Certain goat cheeses

of the palte. The Inspector-General is more anxious to have one to divide. He divides the cheeses into three types. First, the very creamy type. "Above a certain percentage of butter fat which appears to be of the order of 50 per cent, cheeses diminish considerably the qualities of red wines. ... Certain goat cheeses

ally a lecture, he went on to describe a tasting of eight wines from Alsace to Sauternes, and the cheese which either suited or spoiled them. He found an Alsace Riesling "slightly diminishing" a Sauternes, which he suited a Côte-de-Brouilly, and a

WINE EDMUND PENNING-ROWSELL

have a very similar concept. Certainly we can accept this. Sauternes, the very creamy, which have a "special, at times very strong taste, which require a partner to 'up it.' A good Roquefort, for instance, can be recognised by the fact that no other cheese can stand up to it. Agreed! He suggests a very sweet wine or the Jura Chateau-Chalon or sherry. Then there is the third category in which cheeses with a strong taste as well as a strong odour, notably Camembert, are harmful to certain red wines. For these he proposes "an exuberant youth of fragrance, as in the Beaujolais, or solid foundations of body and tannin, as in the Médoc or Nuits-St-Georges."

M. Vedel's article was origin-

likely, Camembert and Pont d'Évêque, can get by if they are slightly under rather than over-ripe. If the latter they tend to acquire a metallic, sometimes ammoniac-taste that fills the mouth. No doubt, many readers will already have seen the weakness in the Inspector-General's argument. He has only considered French cheeses. Not altogether surprisingly, for few Frenchmen have ever thought of any other cheese than the rubbery Gouda or Gruyère, a delicious cheese, but too sweet for red wine. Yet, by and large, the best cheeses to bring out the flavour of a red wine come from Britain. This is because, when in good condition, they are neither over-strong nor too fatty. Moreover their texture when slightly crumbly or at least firm, but not too soupy, is well suited to the plasticity of the French cheese. It is not just a matter of mildness but of texture. A crumbly Caerphilly or Lancashire goes beautifully with claret, but so does Cheddar, especially a crumbly one. In the case of the latter, I do not waver in my view that good French wines taste best with fine English cheeses.

It does not seem to me that cheese contributes as much to the enjoyment of white wines as it does to red, for many of the former retain a certain residual sweetness. White burgundy pairs well enough with mild English cheeses, but they do not enhance it noticeably. I would be thought opposed to French cheeses, whose range and variety are unbeatable throughout the world. Some go admirably with fine wine, and most can be eaten in excellent with less fine, but they do not have to accommodate "bad wine," as the French journal's contributor suggests. No cheese, English or French, and especially the latter French varieties, should be put in the refrigerator. Nevertheless I do not waver in my view that good French wines taste best with fine English cheeses.

Three-year-olds are included in Fillies Premium Scheme

TWO AND three-year-old fillies will benefit from a £325,000 Fillies Premium Scheme announced yesterday by Sir Desmond Plummer, chairman of the Horserace Betting Levy Board.

The 1979 scheme will pay a 35 per cent premium to all British-bred and raised winners of two and three-year-old fillies races worth £1,000 or more, other than selling races of claiming races.

The board's allocation to the scheme has increased from this year's total of £169,000 to £325,000 next year.

Sir Desmond said: "The board hope that the 92 per cent increase in the allocation to Fillies Premiums next year and the extension of the scheme to include three-year-olds will provide a continuing incentive to owners to buy British and thus give added confidence to the thoroughbred breeding industry."

"We hope to be building on the scheme's firm foundations in future years and work towards a 50 per cent premium."

Winning fillies which qualify for the premium payment will receive an additional 35 per

RACING BY DOMINIC WIGAN

cent of the guaranteed prize money for the race, except in the case of Pattern races, where the premium will be divided to give the winner 24.5 per cent, the second 7 per cent and the third 3.5 per cent.

All premiums will be divided between the owner (77.5 per cent), trainer (10 per cent) and jockey (7.5 per cent) and the stable (5 per cent).

Any unexpended balance at the end of the season will be distributed in accordance with

the recommendations of the Wyatt Committee. As a first priority, two and three-year-old qualifying fillies placed in "open" races will benefit at a rate of up to 24.5 per cent for the winner, 7 per cent for the second and 3.5 per cent for the third.

As a second priority, premiums of up to 35 per cent will be paid to eligible two and three-year-old fillies winning other "open" races.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.50 Pantomime. 10.10 Pantomime. 10.30 Pantomime. 10.55 Pantomime. 11.10 Pantomime. 11.30 Pantomime. 11.50 Pantomime. 12.10 Pantomime. 12.30 Pantomime. 12.50 Pantomime. 1.10 Pantomime. 1.30 Pantomime. 1.50 Pantomime. 2.10 Pantomime. 2.30 Pantomime. 2.50 Pantomime. 3.10 Pantomime. 3.30 Pantomime. 3.50 Pantomime. 4.10 Pantomime. 4.30 Pantomime. 4.50 Pantomime. 5.10 Pantomime. 5.30 Pantomime. 5.50 Pantomime. 6.10 Pantomime. 6.30 Pantomime. 6.50 Pantomime. 7.10 Pantomime. 7.30 Pantomime. 7.50 Pantomime. 8.10 Pantomime. 8.30 Pantomime. 8.50 Pantomime. 9.10 Pantomime. 9.30 Pantomime. 9.50 Pantomime. 10.10 Pantomime. 10.30 Pantomime. 10.50 Pantomime. 11.10 Pantomime. 11.30 Pantomime. 11.50 Pantomime. 12.10 Pantomime. 12.30 Pantomime. 12.50 Pantomime. 1.10 Pantomime. 1.30 Pantomime. 1.50 Pantomime. 2.10 Pantomime. 2.30 Pantomime. 2.50 Pantomime. 3.10 Pantomime. 3.30 Pantomime. 3.50 Pantomime. 4.10 Pantomime. 4.30 Pantomime. 4.50 Pantomime. 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by ANDREW PORTER

**Niall Murray and Eilene Hannan**

could also be redesigned; the Tutankhamun badge has become too everyday; and modish an image.

Gray's and the orchestra's contribution was excellently unobtrusive. There were moments when one wished for lighter, more lilting rhythms; on the whole it was satisfying to hear this account of the score where nothing was spared, nothing was limited, and nothing was overplayed. The words were very clear. Michael Geliot's English translation of the "lyrics" needs retouching. Much of it is good; some of the rhymes are disconcerting. The lyrics are some of the lines flat and prosy. In the first finale, Sarastro sings "I need not curb this true emotion/But I can't grant your freedom yet." What's wrong with "But I cannot grant it" at any rate the next time it comes? (At the end of the opera, a single on oh vowels is probably helpful to the bass.)

In retrospect, however, though the sickness of the execution may indeed have blinded us too often to the fact, what we read at the time as being merely heavy, explicit and superficial was also invariably self-mocking in some degree, rather more detached than we might at first have supposed. Very stylish but witty too: there was more to it all than perhaps we were prepared to concede. This showed the ICA (until August 29), which concentrates upon Jones's graphic

by B. A. YOUNG

**Charlotte Cornwell and Diana Quick**

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by WILLIAM PACKER

Looking again at Jones's work, for example, we soon realise that though the Woman may be the one reduced symbolically to the state of a sex-object (which is only the poor larger short-hand for an object of sexual desire, something markedly less abusive in its implications, that might even be taken as a kind of compliment), it is the Man who is the victim of the simplification, the prisoner of his own fantasy. Jones, with elegant and amusing irony, frequently taking his imagery dangerously close to the edge of absurdity, is dilating not at all upon a supposed ideal, but



upon the nature and limitations of the obsessed and stereotypical male imagination. Here the Woman is impersonal, superior, a universal if somewhat exaggerated figure, the Man particular, identifiable, vulnerable, deperate. And only the most unusable and literally-minded of misogynists could see the images could exploit Women at large in any way, could miss the point. The Gravesian Goddess is a hard and unforgiving mistress, and she does not always appear in white.

The ICA, recognising the

by DOMINIC GILL

by NICHOLAS KENYON

Jonathan Harvey has written a *Magnificat* and *Nunc Dimittis* which was given its first performance in Winchester Cathedral on Saturday afternoon on the last day of that annual answer to the Three Choirs, the Southern Cathedrals Festival (which brings together the choirs of Salisbury, Chichester and Winchester). It is a most impressive work, and was per-

formed with great conviction by the festival choirs. Less uncommonly promisingly avant-garde than might have been expected, it might perhaps an attempt to introduce quietly and unsensationally some of the techniques which have been present-day composer takes for granted. Speaking, shouting, indeterminate pitches, glissando, effects of improvisation and so on are tastefully brought into the score.

But Harvey does not disdain such traditional gestures as an ethereal melody, or a lone boy soloist, or cluster-like fanfares on the organ's *tromba* — both effects which Britten and Tippett used in their liturgical works. New and old are welded together with a strong sense of drama: in the *Magnificat* there is a cantus *firmus* which ensures that almost all the words can be heard, while in the *Mass Dimittis* there is a brilliant effect of sonorous candles at the word "light," difficult work for parish choirs, but a welcome sign that contemporary music is not disdained in our cathedrals.

Unfortunately, then, that the first half of the concert which

followed in the evening was devoted to works from the still backwaters, of 20th-century church music. Vaughan Williams' inspiration may have a certain strength, but that is to be found in such folk-song works as *Dives and Lazarus* (which the English Chamber Orchestra played under John Birch) rather than in his dreary ceremonial music, which is so thickly littered with the most tasteless and untutored fanfares. As for George Dyson's *Hierusalem*, this pallid, derivative concoction would have been thought feeble in 1906, let alone 1966 (when, so the programme claimed, it was written). Fortunately, matters were redeemed by an atmospheric, deeply felt account of the *Fauré Requiem*, under Martin Neary. The English satulists soon even when, as well-tuned, and well phrased as it was on this occasion, is hardly right for this work, and the tempi were dangerously slow; yet the impetus was sustained. The horn and trumpet calls in the *Sanctus* cut across the Cathedral to magnificent effect. The *Fauré* could have taught Vaughan Williams a thing or two about writing for ecclesiastical brass.

**This announcement appears as a matter of record only**

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**CASSA DI RISPARMIO DI TORINO**  
 JUNE 1978

## Nottingham Playhouse plans

There will be an extensive programme of Sunday shows featuring Roger Woodward and the Philip James Band. Essential October 1: Nottingham Music Theatre (October 8): a presentation by Air Jamaica called "Come Home to Jamaica" (October 15): The Warsaw Music Workshop (October 22): The Steelband Association of Great Britain (October 29): The Yetties (November 12): Interim Theatre Company (November 19): The Black and White Boyfriends (November 26): Nexus (December 3): The Great Sunday Time from October 20 and December 22.

Nothing could save such a play but an outstandingly brilliant production; but if it be possible, the production under Ron Daniels is worse than the play. The company shout their lines like amateurs. The fights, of which there are a great number, are devised (by B. H. Barry) tediously and clumsily. Ridiculous detail constantly obtrudes—Calico Jack backing down the companionway as if he

had never set foot on a ship before; the ship's wife! left unmanned; the cleanness and tidiness of the deck. Peter Pan is infinitely more exciting than this, and indeed has more to say, though Mr. Gosh dutifully introduces a hint of women's lib and naturally suggests that the judges who try the pirates and sentence them to be hanged are themselves dishonest.

For an expensively-subsidised company trading under the name of the world's greatest poet to put on rubbish like this is a disgrace. As it happens, circumstances have kept me from more of their work, but I would like to see it. I would like: but on the strength of what I have seen I suspect that the company is going astray. Should they really concentrate so on low-life stories? And should they be bothering to put their directors up to direct Shakespeare? In the current season, Barry Kyle is the only new director in charge of a Shakespearean production, and he is a first-rate Bogdanov, who has a whole-time job ahead of him running the Young Vic. In due course I hope to catch up with some of what I have missed, and it will return to me, subsidised or not.



## FINANCIAL TIMES

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Tuesday August 1 1978

# The worsening Rhodesia war

THE WAR in Rhodesia is nasty, and it is almost certainly going to get worse. Military censorship in Salisbury makes it difficult for anyone not directly involved to get a clear picture of the inroads that have been made by the Patriotic Front guerrillas. Their continuing choice of "soft targets," such as missions, hotels and factories, would seem to indicate that they are not yet ready to stage more conventional military operations. But there can be no hiding the fact that they are encroaching more and more closely on white strongholds, including now Salisbury and Bulawayo—two cities that wide sections of the country are beginning to look increasingly like "no-go" areas.

## Independence

White morale is low and is likely to deteriorate still further as the end-year date for independence under the internal settlement approaches. While there are probably many Whites who are still determined to fight to the last man, there are many others who do not want to die for a black majority Government. Many are likely to leave the country in the months ahead. The timing of the latest raid into Mozambique—the first since the interim Government was installed—is significant. The first aim is clearly to buy time for the holding of elections in December. The second point is that the security forces almost certainly want to make the best use of their white troops while they are still prepared to conduct such cross-border operations.

There is very little that any British Government can do to alter the course of events. The UK has neither the power nor the political will to intervene militarily. British contingency planning has been concentrating for some months on the possibility of organising an airborne rescue on the lines of the Franco-Belgian Saboteur operation—if the increasingly widespread predictions of an imminent bloodbath prove accurate. Even that, however, would be difficult to organise as a result of the constant cuts in defence expenditure in recent years. Nor will any British Government want to resume direct political responsibility for sorting out the situation, as recommended at the weekend by Mr. Schidath.

# Standards for State boards

THE GOVERNMENT has acted wisely in deciding to try to resolve the question of how the nationalised industries should adapt to inflation accounting in time for their next crop of annual accounts. An earlier decision to wait for the adoption of an agreed inflation accounting standard for use in the private sector before issuing formal guidelines to the public sector industries may have been understandable. But the present delay has been causing concern for two reasons.

First, it becomes much harder to judge performance when different boards are using different accounting methods, and there is no consistency even in the changes in accounting practice which some boards have been adopting. Secondly, the confusion about accounting methods raises awkward questions about the basis of pricing policy, as the Price Commission pointed out in its recent report on the South of Scotland Electricity Board.

## Inflation

The questions about pricing policy arise because the pace at which most boards have been able to raise their prices to an economic level from the artificially low levels enforced upon them by past official price restraint policies has been governed by the safeguard provisions in the price code. These permit a nationalised industry to increase its historic cost depreciation charge by 40 per cent as an interim step pending the adoption of more generally accepted inflation accounting practices. The Price Commission thought that, while it was right to recognise that the cost of using assets rises in money terms in parallel with inflation, it was wrong in a purely accounting approach to pricing policy not to recognise that the cost of financing assets with borrowed money falls as inflation erodes the real burden of repaying borrowings. The supplementary depreciation charge by the extent to which assets were financed by borrowed money as against equity. Since the South of Scotland Electricity Board, like most other national-

ised industries, is financed largely by loan debt, the pricing adjustment would, the Commission felt, largely cancel out the extra depreciation charge.

The Commission recognised, however, that these issues would not arise if the board's prices were based upon the economic principles set out in the recent White Paper on the nationalised industries. This document indicated that prices in the nationalised sector should ensure that users paid the full current resource cost of the services or goods they used. Full current resource cost, in this context, means operating costs plus a capital element reflecting the opportunity cost of capital—that is the return that could be expected from investing the same amount elsewhere. The same concept was to be applied to new investment—for which the opportunity cost of capital was set, somewhat arbitrarily, at 5 per cent in real terms. If the expected return would be less, then the investment should not be made.

## Efficiency

The problem of course is that market competition does not prevail throughout the nationalised industries, particularly in the utility sector. The financial targets set for each board would therefore have to be supplemented by a series of efficiency criteria including various cost reduction objectives. These yardsticks of performance have so far been established—or rather re-established—for only a relatively small number of state boards and for none of the fuel industries. It would be regrettable if the controversy about inflation accounting were to delay the setting of targets for the remainder. The adoption of inflation accounting will change the numerical value of the targets but not the revenue each board is required to earn. In the absence of a target, there is no way of knowing how much is expressed in accounting terms) and therefore no way of judging how it is performing.



# Getting motorists lightly oiled

BY SUE CAMERON

THE CONSERVATISM of a light 10W/30 multigrade oil given motor oils a bad name—they are known in the trade as "distress products" even though the UK market is worth £100m a year. The average motorist in the UK often leaves it to his local garage to choose an oil for him when his car goes in for servicing. Those that do buy their own oil tend to ask either for the brand their fathers bought before them or for the cheapest product available. At least 95 per cent of them use thick, 20W/50 multigrade oil in their engines—yet the British are virtually the only Western motorists to buy heavy lubricants in such numbers. In the U.S. and on the Continent the market is dominated by lighter oils which can give estimated savings on petrol of at least 5 per cent. Attempts have been made to interest the UK Petroleum in lighter oils—British Petroleum has pushed the idea particularly strongly—but so far they have failed.

Yet there are signs that in the next few years British motorists could start to follow the lead of their foreign counterparts and adopt lighter lubricants. It is also possible—though unlikely on present showing—that when thinner oils do take off in Britain the existing market picture could be changed. Castrol and Duckhams now control at least 50 per cent of the UK motor oil market between them. Own-label brands, such as Winfield which is sold by Woodworth, have a market share of roughly 15 per cent. The rest is divided between the major petroleum companies, which are making a strong attempt to increase their lubricant sales. Yet in spite of heavy advertising they are finding it extremely difficult to dislodge Castrol and Duckhams from their prime position in the market place.

But a company which could persuade British motorists to turn to lighter oils—in a big way—would stand a good chance of suddenly and significantly increasing its market share. It is a trick which has been pulled off before and lubricant producers like BP, which is desperately promoting

## Advertisers heavily

Today its products are sold throughout the Western world and it maintains a "pretty steady" 30 per cent share of the home market. The company, which was taken over by Burmah Oil in 1966, admits that its history plus its strong association with motor sports "do help considerably" when it comes to sales. But it stresses that it is not resting on its laurels and it still advertises heavily—mainly on the themes of engine protection and Castrol success on the racetrack.

Halfords, the motor accessories chain, belongs to the Burmah Oil group and this association has almost certainly played a part in helping Castrol maintain its hefty market share. For in the 1960s competition in lubricants became far more intense and one of the main reasons was the growth of do-it-yourself motor maintenance and the advent of high street accessory shops—such as Halfords. Today there are about 300 shops in the Halfords chain and though they sell many brands of motor oil Castrol products are given a prime selling position. Prices are still highly competitive. They vary from just under £2 to £3 for five litres of oil.

The other reason for increased competition among lubricant producers during the 1960s was the launching of 20W/50 motor oil by Duckhams. Alexander Duckham, like Castrol, was founded in 1899 and has always been a specialist in motor oils. Yet by 1960 it had only a tiny share of the motor lubricants market.

Duckhams is now second in the field with a 20 per cent share of the British market. It owes its position very largely to the heavy, multigrade oil which it introduced just as the Mini, with its transverse engine, started to become a best seller.

Only single grade oils were available in the UK until 1951 when the first multigrade came on the market. In the days before multigrades, motorists had to change their oil twice a year. They used thin oil in the cold, winter months for easy starting but replaced it with a thicker, heavier engine oil in the summer. This was because engine temperatures, combined with warm weather, would have thinned out an already thin single grade oil to the point where it failed to lubricate adequately.

Multigrades meant that motor oils could be given a range of viscosities: they could be thin enough at one end of the range to permit easy starting in cold weather and thick enough at the other to give full protection to an engine. The actual degree of viscosity is denoted by numbers laid down by the Society of Automotive Engineers and the higher the numbers, the thicker is the oil.

In the Arctic an extremely thin multigrade range such as 5W/30 would be needed because in freezing conditions an engine would not start with a thicker oil. In Britain's temperate climate the much thicker 20W/50 is needed—or so the argument goes. Ideally it might be desirable to have a multigrade that covers the full range of viscosities but technical problems have so far prevented this.

Duckhams was the first to introduce a multigrade oil to the UK but this in itself did not give the company a vastly increased share of the market. But its development of heavy, 20W/50 oil did—partly because newly designed engines, such as those used in mini cars, were hard on oil and needed a thick lubricant. The 20W/50 multigrade also gave a lower rate of oil consumption.

All the multigrades which Duckhams retails to-day are 20W/50 oils. Castrol's best seller is the 20W/50 GTX although the company also produces a slightly lighter 15W/40

multigrade which has the brand name of Castrolite.

Shell comes third after Castrol and Duckhams with a market share of about 15 per cent. Its Shell Super Multigrade is again a 20W/50 oil and the company does not produce a light lubricant for Britain. Esso, which has an 11 per cent share of the market, uses the brand name Uniflo for its motor oil which comes in both 10W/40 and 15W/50 viscosity grades. But the company only sells the heavier 15W/50 in the UK. Yet in the U.S. and most of the countries on the Continent the market emphasis is on lighter oils—usually 10W/40 multigrades. One of the reasons for this is that thinner oils can give savings on petrol consumption of 5 per cent or even more. And in the U.S. lighter lubricants are advertised as "economy" oils.

It is argued that the U.S. is traditionally a "thin oil country" because American cars have slower running and therefore cooler engines than European ones. In addition to this, U.S. speed limits tend to be lower than in Britain or on the Continent and engines do not therefore need as much lubricant protection.

The flaw in this logic is that lighter lubricants are that they are also widely used on the Continent where speed limits are higher and engines faster and hotter. What is more, most Continental countries have warmer climates than that of Britain and yet car manufacturers there still recommend lighter oils.

Esso believes the UK will eventually go over to thinner oils though it stresses that in the meantime producers have to meet public demand—and the British are demanding 20W/50 multigrades. When the change-over does come Esso will presumably be in a strong position simply because it is already supplying 10W/40 oil to the Continent.

"Light oils will be used over here although it is anyone's guess as to when it will happen," Esso says. "It has to be remembered that petrol is cheaper in the UK than in the rest of Europe. It is possible to buy petrol for 70p a gallon here whereas in France the price is

about £1.33 a gallon. If petrol prices rise in the UK and British motorists become more conscious of the need to save energy then there may be a corresponding growth in light lubricant sales."

Duckhams is currently looking at lighter oils and it also says the UK "will move that way ultimately." But the company will not be bringing out a lighter oil until it is satisfied that it has developed one which will give adequate engine protection as well as petrol savings. It says that if British motorists moved from 20W/50 down to 10W/30 they could find their oil consumption increasing by as much as 40 per cent.

Duckhams believes that a 10W/30 multigrade would be too light for British conditions in any case. It says a 10W/40 or even a 10W/50 would be more suitable for the UK market although far more additives would have to be put into an oil that had as big a range as 10W/50.

The company that is giving full backing to a really light 10W/30 multigrade for the UK is BP—Duckhams' in-house rival. BP claims the change-over to thinner oils could start "within the next year." But at present the 10W/30 which BP sells under the name of VV7 has only 2 per cent of the market.

## Manufacturers recommend

One of the obstacles to the growth of lighter lubricants in Britain is motor manufacturers' oil recommendations. All the car manufacturers operating here recommend 20W/50 lubricants but only some of them recommend lighter oils as well. Ford recommends 10W/30 multigrades for use in climates up to 32 degrees C and it puts 10W/30 oil in its cars as they come off the production line.

Vauxhall recommends 10W/40 oils; Chrysler does not specifically recommend lighter lubricants for the UK—it says it is still doing research on them—but it does recommend 10W/40 multigrade for some of the British-made cars it exports to Europe.

The manufacturer which definitely does not recommend 10W/30 or 10W/40 oils for its

cars is BL Cars, formerly known as British Leyland. A recommendation for lighter lubricants from BL could do much to boost this sector of the market. And some supporters of a move to lighter oils claim BL may have ulterior motives for withholding its approval. They say that antiquated machine tooling means some BL engine models are not built to sufficiently high tolerances to stand up to light oils.

"Absolute balderdash," says BL. "Some of our advanced machines produce engines that are hotter, more sensitive and built to tighter tolerances than most."

"Our lubricant recommendations have to take into account the worst possible situation. We would not be happy about a fully laden car going flat out down the motorway on a hot day with only 10W/30 oil in its engine. We are looking at lighter oils in the UK and we do recommend them already for cars that are going to be used in cold climates. We also accept that a 10W/30 oil may be up to the mark for cars driven in the UK in many cases. But we have to consider the extreme conditions under which a car might well be run in Britain."

What promoters of 10W/30 lubricants really need is another oil crisis—no one would be going flat out on a hot motorway and their sales would be virtually guaranteed. Yet even if history were to repeat itself it is most unlikely that companies such as BP would be able to sweep the market.

All British motor lubricant producers are aware that sooner or later—probably later—there is going to be a swing to lighter oils. When it does come the brand leaders will almost certainly be ready for it—particularly as they will recall Duckhams' runaway performance in the 1960s.

The evidence suggests that the UK will not go for a lubricant quite as light as a 10W/30. A 10W/40 viscosity range would be more likely and more in keeping with Continental practice.

Meanwhile, the market will have to wait for energy-saving campaigns and slow but steady petrol price rises to do their work on Britain's stubborn motor lubricant consumers.

# MEN AND MATTERS

## Liberal friends of Iraq

Given the fairly tumultuous state of relations between Britain and Iraq, there should be squalls at the Liberal Party conference in Southampton next month if the Young Liberals stick to their present plans. The YLs have invited a delegation from the Iraqi Youth League to their council before the conference—to which it hopes to introduce the delegation as observers. This serves to highlight the continuing rift between the senior Liberals and their maverick juniors over Middle East affairs. The Liberal leadership—in particular Jeremy Thorpe—has always espoused the Israeli cause. But only last weekend, a team of Young Liberals returned from Damascus proclaiming renewed support for the Palestine Liberation Organisation.

John Hiley, head of the YLs' "international department," has made three visits to the Lebanon to meet PLO leader Yasser Arafat. He has also been to Libya and Iraq. During the YLs' latest jaunt, which lasted a fortnight, its members travelled in a PLO convoy on the Damascus-Beirut road in a car "bristling with automatic weapons."

Hiley told me that he became interested in the Palestinian cause while a student at the Central London Polytechnic. Were the Young Liberals sympathetic not akin to those of Vanessa Redgrave and the Workers Revolutionary Party? "On this issue, yes," he said.

## Problem Picasso

The Museum of Modern Art in New York has a vested interest in the political situation in Spain, for it is the latter which will determine when the museum loses one of its prize

possessions, Picasso's painting *Guernica*.

The work was originally a mural done for the Spanish Republic pavilion in the World's Fair in 1937. It got to the United States as part of a travelling exhibit to benefit the Spanish Refugee Relief Committee. After Franco's victory, Picasso said it could not return to Spain "until democracy had come back."

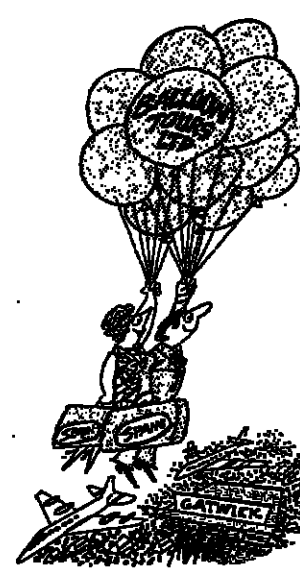
The U.S. Senate is doing what it can to hasten the painting's departure. The latest Foreign Relations Authorisation Act provides \$500,000 so that *Guernica* should, "at some point in the near future and through the appropriate legal procedures," be returned to Spain.

The museum has said nothing since a year-old statement: "Picasso made it clear that the painting should go back to Spain only when the Spanish republic is restored." The final decision lies with Picasso's lawyer, in Paris, Roland Dumas, who is still being cautious as well. There the matter rests, with the huge work, 25 ft wide, taking up a large and prominent wall in the museum.

## Sailing to York

Ill-luck dashed the plans of the balloonists, but another orthodox craft heading for Britain still hopes for a safe landing. It is a shipper by Norwegian Olaf Engvig, now on his way to York in a square-sailed Viking ship, 28 feet long. Engvig set out from Oslo three weeks ago with a crew consisting of his daughter and two other modern Vikings, to commemorate the Norsemen who captured York 1,000 years ago and created a city there.

The Viking ship is a replica made in 1890 in Ajford, Norway and Engvig admits it is not Justice Ibrahim Qattan, of completely accurate, because Jordan's Islamic Court. He says that Dr. Steptoe's feat is "in



conformity with natural law": since the baby is a "natural offspring" it is "therefore subject to the usual inheritance laws of Islam."

## On the level

The British Price Commission "will come into its own over the next two or three years," if its powers are not reduced, says chairman Charles Williams. He has just been reviewing his organisation's performance at the end of the first year in its reorganised form. But they order these matters rather differently in Switzerland.

Leo Schlumpf, who has been running the Swiss equivalent of our commission since 1972, has now worked himself out of a job. He has got price increases down to zero and his organisation will be disbanded at the end of this year. "It's an act of suicide," says Schlumpf cheerfully.

## Shunted off

An addition to the vocabulary of British Rail euphemisms. Arriving at a South London station, a colleague found that his train scheduled for departure at 22.55 would not leave until 23.43. "What's the delay?" he asked. "There is no delay," replied the BR man. "It's been re-timed."

## No hang-ups

From New York comes the story of the middle-aged woman who told a friend that her new psychiatrist had done wonders for her. "Before I went to him I was terrified of answering the phone when it rang," she said. "Now I answer it whether it rings or not."

Observer

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John Lloyd reports on the rapid growth of the British discotheque equipment industry

# Disco jockeying in Moscow

A HITHERTO unreported argument is taking place within the ranks of the Soviet leadership. Its progress is being keenly watched by a group of British manufacturers and retailers, who stand to gain greatly from its outcome. This group already has an annual turnover estimated at £20m.

This is what happened. Mr. M. Gerrish, the sales controller of a company called Citronix, which makes disco sound equipment, made a sale in Finland. His customer reminded him that the Olympic Games are to take place in Moscow in 1980, and did he know the Russians were reluctantly coming to the conclusion that the discotheques of the West were better than theirs. Gerrish passed the word to Mr. Maldwyn Bowden, whose Brighton-based firm of that name specialises in discotheque design. Bowden phoned Moscow. Yes, they were interested, after a fashion, or at least (he gathered) some people were interested, recognising that youth must have its fling and anyway the Hungarians had them and the Olympics was an excuse to slip them in quietly without the conservative gerontocrats having too much of a fit, but there were difficulties.

"All this has to be fitted into the Plan, and it means that someone has to make a decision to buy disco equipment and not buy—I don't know—some factory equipment; when you have a limited amount of foreign currency, that's not an easy decision," said an understanding Mr. Michael Fabian, Bowden's marketing director. So he and Bowden must wait until the Soviet line emerges

on discos, and Citronix, which would probably supply much of the sound equipment, waits too, and so do other UK disco merchants, secure at least in the knowledge that if the Soviets do come to the market, it will be a British market because British discos (they say) are best.

Why are they best? Opinions in the trade differ but many acknowledge that the largest stimulus to British excellence in the manufacture of discotheque equipment is the mobile. A mobile is the trade's shorthand for a mobile disc jockey (or jocks), young men who hire themselves and their equipment out to clubs, pubs, weddings, 21sts, charity shows, wakes (so claims Mr. Roger Squires, of whom more) and any other function where ear drums are expendable. The trade reckons there are between 50,000 and 70,000 mobiles, perhaps 8,000 of those being full time, who haul their battered equipment from gig (venue) to gig, working for £25 a night, or £20, or £15, or £10, or all right, a fiver and drinks, undercutting each other like mad, their fantasies fixed on a slice of their own on the BBC or Capital, their common sense generally failing to remind them that a damned snowball would get better odds.

Yet whatever their personal failings, they constitute a market, and have done so for ten years. To ask why there are so many is to invite philosophising from the trade's old-timers in their late 20s, who pull on their whiskers and talk of bands growing tired of "singing," of an unmet demand for music which was too expensive if good and too awful if cheap, and of the thus

threw him out for hiring go-go dancers ("No son of mine will trade in human flesh," she turned over £500,000 last year and is on target for £750,000 this year. Neil Rice, the company's chairman, started in 1970 after working as an architect and doing light shows in his spare time. He rented a farmhouse in Hertfordshire from Barbara Cardland, who terminated their lease after a fire had broken out.

Rice moved to Luton, where he now employs about 25 people and specialises in projectors for light shows, exporting 50 per cent of his production, mainly to Europe.

Or there is Citronix, begun by three refugees from the computer industry five years ago, now employing 45 people and trying to break into the American market (to say nothing of the Soviet Union). Mike Gerrish believes that the mobile market in the U.S. is about to take off. So far, it has been small, with clubs and resident "jocks" dominating the scene. But Saturday Night Fever, the successful disco film, has started, or re-started, a disco craze and Gerrish believes that the Americans must turn to UK manufacturers because their own are still years behind.

Citronix can equip an aspiring jock for £500 minimum, which puts the company in the upper end of the market. FAL can do it for £200 plus VAT. "It's not tremendous quality, but it's all right," says sales manager Geoff Hood. FAL was bought as a tax loss by Audio Fidelity in the mid 1960s, but revived eight years ago when it became obvious that enough mobiles were trying to claw their way to the top to provide a market for cheap sound equipment. About 30 per cent of FAL's business is in exports, and it has just opened a subsidiary in Germany. It turned over about £1.3m last year, and says it will do £1.5m in 1978.

Pulsar began in 1970, when two Cambridge undergraduates and an underworked musician turned their hobby—light shows—into a business which now employs 50 people making 400 light units a month and turning over more than £500,000 a year. Derek Saunders, once the musician and now the overworked sales manager, says it exports two-thirds of its output and that on a recent trip to the U.S., he got eight large orders from eight calls. "We are doubling production this year after doubling it last year. We can see no end to it."

Taking producers and retailers together, Squires reckons that the disco business is now worth around £20m a year, and growing rapidly.

The record companies are estimated to make over £100m from serving the disco market, while the aggregate income of the thousands of discos up and down the country must run into the millions.

Wedgie's is one of the most fashionable of discos; indeed, it is far too fashionable to admit to being merely a disco. Mr. John Paul owns it with Mr. Charles Simpson. It is managed by Lord Burghersh, son of the Earl of Westmoreland. Mr. Paul says that "it's really a dining club with a disco for members afterwards." Quite. One does not want to be in the same category as a converted church hall in Kilmarnock.

Paul and Simpson spent about £200,000 on the club when it opened two years ago. Paul reckons that it would cost nearer £300,000 now. They have a turnover of £750,000 and expect a pre-tax profit of £100,000, a return which is probably nearly matched by less exclusive haunts.

It is the record business, however, which has seen the largest money roll in. Saturday Night Fever—the album of the film—is now being claimed by Polydor, the UK record company opinion being that it is to be exceeding a number of records. The album has grossed around £7.5m during the last five months, between £4m-£5m of that accruing to Polydor, making the album



Dancing at Gulliver's disco in London's Mayfair.

**6 Musical innovation is full of danger to the State, for when modes of music change, the laws of the State always change with them. 9** *Plato: The Republic*

when boys and girls stood and stared past each other and with truly horrendous pauses every eight records, while the club secretary fumbled with the next batch. Squires saw all this, and understood: what had to be avoided was silence.

He went home and built his own sound system, coming back to the Parkside Tennis Club to hire himself out, for 30 shillings, as "jock" for the night, the man who banished silence. That was in 1966. Between then and the early 1970s, Squires grew, going professional when he became obvious he could make a living taking on a fleet of vehicles when the work got too much for him, working from his parents' home until his mother

threw him out for hiring go-go dancers ("No son of mine will trade in human flesh," she turned over £500,000 last year and is on target for £750,000 this year. Neil Rice, the company's chairman, started in 1970 after working as an architect and doing light shows in his spare time. He rented a farmhouse in Hertfordshire from Barbara Cardland, who terminated their lease after a fire had broken out.

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## Letters to the Editor

### British Gas profits

From the Member for Finance, British Gas Corporation.

Sir—I think we have to respond to Mr. Fenn (Col. 28) who seems to suggest that our accounting has now moved from "creative" to "illegal."

The pre-tax profit for British Gas for 1977-78 of £1,600m is after making a supplementary depreciation charge of £145m. This charge is necessary to provide for the replacement of our assets at today's costs and without it the money would have to be borrowed from the Government with the burden falling on the taxpayer rather than the industry. The accounts as in 1976-77 were, therefore, prepared under the current cost convention and under that convention we were given an unqualified audit report. The supplementary charge is required in full and to reduce it by the "gearing" adjustment would not be appropriate. I should perhaps add that to us interest is a cost under fixed contract terms which also has to be met in full before we can strike profit. Reduced borrowing itself, however, reduces the cost of interest to the benefit of the customer and in 1977-78 British Gas saved £47m in interest charges compared with 1976-77.

Mr. Fenn suggests a surplus figure of £364m, one of several that have been misquoted in the Press recently, and we need to correct the arithmetic. Under the historic cost convention our surplus would have been £325m (£150m + £175m). The difference between this and £364m of £39m is made up of two items which completed in 1977-78 the write-off of the historic costs of converting the country to natural gas—conversion deferred charges £156m and displaced plant £33m. These costs written off under the historic cost convention do not, of course, represent any tangible assets and have had to be written out of the books. Our financial plan has been to be rid of this burden before the impact of the much higher cost gas from the northern North Sea build up and this has now been achieved.

We are very much concerned about the impact of inflation on our customers and upon the wage earner, and perhaps we can put the record straight. The average revenue per therm for domestic gas rose from 10.8p per therm to 18.5p per therm over the 10-year period from 1968-69 to 1977-78, an increase of some 70 per cent compared with an increase in the retail price index of 150 per cent. This, of course, reflects the increased domestic customer demand for gas, a factor which, for example, in 1977-78, has taken average gross earnings over the same period, the proportion paid for gas for a typical consumption is now only about half that of ten years ago.

W. G. Jewers,  
325, High Holborn, WC1.

### Trivia and the EOC

From Mr. W. Shepherd.

Sir—Thank goodness for the innate common sense of Lord Justice Denning and his colleagues of the Appeal Court in the case of the Equal Opportunities Commission and the Football Association, centring around Theresa Bennett. The upholding of the EOC's claim of unfair discrimination against the Football Association is a landmark decision. The Commission's case was that the Football Association's rules, which require a player to be a member of a football club, are discriminatory against women. The Commission argued that this was a "genuine occupational requirement" and therefore justified under the Sex Discrimination Act 1975. The Appeal Court, however, found in favour of the Commission, stating that the requirement was not a genuine occupational requirement and was therefore discriminatory. This decision is a significant victory for the Commission and for women's rights in sport.

### Cars for the disabled

From Mr. B. Sewell.

Sir—Joe Rogaly (July 25) rightly describes the new Mobility scheme for providing cars for the disabled as a rare combination of state and private enterprise, and as a development worth watching. In using the word "rare" he has, however, missed the point. The scheme is not rare; it is a development worth watching because it is a development which is being done in a way which is not only good for the disabled but also good for the taxpayer. The scheme is a development which is being done in a way which is not only good for the disabled but also good for the taxpayer.

No one can possibly object to a campaign against real discrimination, but cannot the EOC see that it would get much more favourable publicity, and thus a good "PR" image, if it confined its efforts to real objects of public disgust? Who actually takes the decisions on what legal actions of such low priority?

W. F. Shepherd,  
Langton Green, Kent.

### Liability for products

From Mr. T. Marriott.

Sir—I quite agree with the greater part of Mr. McMahon's letter (July 27) concerning American products liability experience. He asks, however, "What insurance company would offer you cover to meet such ridiculous claims?" Subject to a definition of the word "meet" the answer is "most of them." Insurers would defend policyholders if presented with claims of this type and if it were held that there was liability then the insurers would pay. They would not, I am sure, readily pay this type of claim without a fight.

T. W. Marriott,  
13, Claremont Road, Norwich.

### Subsidies for housing

From Mr. P. Sargeant.

Sir—In the paper of July 26 correspondents from the South-East of England (London area) have written about "Housing and Taxation" and "Owning or Renting" in which differences are mentioned between council house tenants, private landlords and house owners and

### A company's domicile

From Mr. A. Conner.

Sir—The transfer of a company's domicile can have much to commend it from the shareholders' point of view in the restrictive atmosphere of UK dividend limitation. A few years ago a company, registered in London for almost half a century, moved its registered office to meet Government wishes for local control. Before the move it had regularly paid a net dividend of around 90 per cent. Since the move, with dividend restrictions inapplicable, it has stepped up its payment to 90, 100, 200 and 280 per cent net, today's yield on the latest dividend being a net 15 per cent. Nor is it an isolated case. A similar pattern applies to a number of other companies, though perhaps not on the same scale.

The ever-diminishing number of small investors is always urged to go for blue chips where the yield can be, and often is, generous. What is sometimes forgotten is that there are still some individuals in need of income and though orthodox investment experts may disagree, all things considered, yield is as good a guide as any in decision making.

Of course there may be political factors to take into account, but does anybody imagine that Britain is free from political muscle. It just takes a different form.

Alex Conner,  
3, Kilmacraigh Crescent,  
Eaglesham Road,  
Newton Mearns, Glasgow.

### Owning or renting

From Mr. N. Pratten.

Sir—I read with interest Councillor Paul Blagborough's letter (July 26) and in particular his assertion that "there is nothing intrinsically meritorious in house ownership." I wonder. Living as I do in a small neat block of privately owned houses near similar small neat blocks of GLC houses the difference in living habits between owners and tenants is noticeable. Some owners are neat, children better organised, and vandalism less in owner environs. Can it be then, that the self-respect of ownership (however unfounded) brings with it a certain respect for other people's property and enjoyment thereof?

Can someone show whether there is any hard evidence to suggest that an owned rather than rented environment could reduce vandalism and ultimately petty crime? After all, isn't Dad more likely to clip Johnny's ear if it is his own fence that's being broken?

Nigel Pratten,  
2103, Ravensbourne Avenue,  
Beckenham, Kent.

### Flights to Birmingham

From Mr. E. Nassar.

Sir—As a regular visitor to Birmingham, your supplement of July 18 is quite comprehensive with one important omission. To fly from Geneva to Birmingham, one has to spend at least four hours and the only two airlines flying between Heathrow and Birmingham, British Midlands and British Airways, use rather ancient planes. There is no doubt that there is a need for direct flights from Continental centres in modern planes.

Edward Nassar,  
PO Box 94,  
1000 Lausanne 21, Switzerland.

## Today's Events

### GENERAL

CBI Industrial Trends Survey (July).

Department of Industry and trade union officials hold further meeting in effort to resolve strike at Chrysler UK's Ldowood plant.

Mr. William Rodgers, Transport Secretary, opens Road Transport Industries Training Board's new skills testing centre, Greenford, Middlesex.

PARLIAMENTARY BUSINESS

House of Commons: Consolidated Fund (Appropriation) Bill.

House of Lords: Transport Bill.

Consideration of Commons: Family Income Supplements (Computation) Regulations 1978.

Rateable Value Orders (July).

Postponement Order 1978.

Select Committee: Joint Committee on Statutory Instruments (4.15 pm, Room 4).

Company Results

Final dividends: Arlington Motor Holdings; Dyson (J. and J.); Hales Properties. Interim dividends: City Offices; Smallshaw (R.) (Knitwear); Westinghouse Brake and Signal.

Company Meetings

Bristol Evening Post, Temple Way, Bristol, 12. London and

Northern, Essex Hall, Essex Street, WC2, 7.30 pm.

Midland Hotel, Manchester, 12.30.

OPERA

English National Opera production of The Magic Flute, Coliseum Theatre, WC2, 7.30 pm.

Glyndebourne Festival Opera in Così fan tutte, Lewes, East Sussex, 5.30 pm.

BALLET

Batsheva Dance Company, with Galina and Valery Panov, Royal Festival Hall, SE1, 7.30 pm.

MUSIC

Chillingham String Quartet, Clifford Benson (piano), in programme of Haydn (String Quartet in C); Mendelssohn (String Quartet in A); and Schumann (Piano Quintet in E flat), Wigmore Hall, W1, 7.30 pm.

CITY CEREMONY

Traditional ceremony of Cart Marking, Guildhall Yard, EC2, between 7 am and noon.

EXHIBITIONS














National Postal Museum, King Edward Street, EC4. Open 10 am-4.30 pm, Monday to Friday.

Museum of London, London Wall, EC2. Open 10 am-6 pm, Tuesday to Saturday; 2 pm-6 pm, Sunday.

SPORT

Tennis: British junior championships, Eastbourne. Yachting: Cowes Week.

## Some facts and figures for people who still think protection's a racket.

Last year in the U.K., some 3,000 of these,  on static and beat patrols locked and closed 222,543 of these,  and closed 363,212 of these,  found 3,356  open, took charge of 60,157 lost,  discovered 7,033 criminal offences, arrested 685,  found 22,924 people in places where they shouldn't have been,  searched 479,870,  and 199,501,  switched off (AND ON) 846,149 of these,  turned off 1,777 of these,  & 10,403 of these,  discovered 438 of these,  and extinguished another 430, rendered 2,657 people... and, all in all, literally saved our clients and the country a fortune.

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# COMPANY NEWS

## Higher interest hits Coral at midway

AN INCREASE in interest from 12.50 to 13.50, the result of recent acquisitions, left pre-tax profits of Coral Leisure Group £9.11m lower at £7.48m in the first half of 1978.

However, having regard to the high occupancy and booking levels of the group's holiday villages and hotels, both at home and abroad, and taking into account current trading results and projections for all other divisions, the Board is confident that the second half of the year, as compared to the corresponding period which saw a £10.5m, will show a substantial increase in profits.

Turnover for the first half rose from £28m to £31.6m and trading profit showed a £1.75m advance at £3.7m.

It is the directors' intention, as in previous years, to declare an interim dividend early in November. Last year's total payment was equivalent to 6p net.

As was pointed out in the chairman's statement, the first half of the year will now be expected to show considerably lower profitability than the second half of the year due to the seasonal nature of the trading activities of Pontins and to a lesser extent, Centre Hotels.

The results of Pontins, included in the figures, represent a deficit of approximately £1m; this is after taking into account interest of some £1m relating to the acquisition of Pontins, including non-interest in respect of the period January 1, 1978 to the effective date of payment.

During the period all principal trading divisions with the exception of London Casinos, have shown satisfactory profit contributions arising from higher turnover. London Casinos are, as predicted, experiencing a levelling-off of revenue, but the Provincial Casinos are operating ahead of plan.

Mr. Nicholas Coral, chairman, said later that over the first half there had been a setback in the results from the group's casinos, but he was not prepared to quantify this.

The high-rolling punters appear to have arrived later this year and possibly in smaller numbers, he commented, but said the results had shown an improvement again over recent weeks.

A recovery for casinos was looked for in the second half. It was unlikely that profits would match the 1977 total, but the shortfall would probably not be significant.

For Pontins, the group is looking for trading profits over the whole of this year of more than £5m before taking account of interest charges on the acquisition.

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## Slump at AA Asphalt

WITH the second half contribution only some £1.40m compared with £0.5m, pre-tax profits of Anglo American Asphalt Co. finished the year to March 31, 1978, around £0.75m lower at £255,350.

Mr. Dicky Burnett, chairman, explains that the principal cause of the profit fall was delays or cancellations on pipeline projects. However, he is confident that demand for the company's products will be restored in the next few years.

The need of developing countries to make the most of their oil and gas resources should lead to this restoration as their pipeline projects are constructed. This is confirmed not only by recently published reports but also by enquiries and new orders the company has received.

The total dividend per 25p share is stepped up from 2.40p to 2.65p with a net final payment of 1.82p.

Mr. Burnett reports that the group's balance sheet remains healthy. Liquidity is strong and stocks levels, which were abnormally high at the close of the year, have been reduced.

The associated company, W. and J. Glossop, completed another satisfactory year's trading and the book value of the company's investment in Glossop stands at £168,225 at current market value of £255,350.

The group's net tangible asset value is 70p per share.

Following a £5,000 gain to £70,000 at midway, pre-tax profits of D. F. Bevan (Holdings) advanced from £211,739 to a record £301,184 for the year to March 31, 1978. Turnover was better at £7,85m against £6.75m.

Profits were after interest of £59,959 (£67,288) and included a £3,272 (£10,682) share of associates' losses. Tax took £145,063 (£107,612), minorities £18 (nil) and there was an extraordinary credit of £96,209 (£5,330 debit).

Basic earnings per 3p share are shown ahead from 3.51p to 3.82p and fully diluted 3.58p to 3.96p. The dividend is stepped up to 1.3511p (1.21p) net—certain directors and members of their families have waived their payments.

The principal activities of the group are non-ferrous metal trading, ferrous and non-ferrous casting, manufacture of sanitary fittings and commodity broking.

FOR THE year 1977 Sogomana Group is lifting its dividend by 2.25p to 6p net per 10p share, with a final of 4.5p.

The group produces natural rubber oil and coconut from estates in Malaysia, and is not subject to UK dividend control.

Profit for the year rose £32,889 to £51,810, after showing an advance of £30,000 at the nine month stage.

Tax takes £227,755 (£246,335) leaving the net profit at £28,055 (£236,786), to which is added this time a £38,847 net gain on the sale of land.

Mr. Edward David Grant Davies is chairman of all three investment trusts as well as Sogomana, London Trust and Sogomana Trust. The latter two trusts also have small holdings.

The Take-Over Panel has confirmed that subject to the approval of these arrangements by the shareholders there will not be any obligation to make a general offer for Wearwell under Rule 34 of the City Code.

Full-year figures to May 3, 1978, show sales to £4m, £4m, £3m and trading profits increased from £55,883 to £32,432. The latest figures include £32,797 interest capitalised on a freehold property.

If a similar adjustment was made for the preceding period the trading profit would have been £150,506.

This interest relates to a freehold property.

## D. F. Bevan advances to peak £0.3m

FOLLOWING A £5,000 gain to £70,000 at midway, pre-tax profits of D. F. Bevan (Holdings) advanced from £211,739 to a record £301,184 for the year to March 31, 1978. Turnover was better at £7,85m against £6.75m.

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## Sogomana paying 2.25p more

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## Pension funds growth at Standard Life

Continued growth in pension fund investment management is reported by Mr. A. M. Hodges, chairman of Standard Life Pension Funds, a member of Standard Life Assurance.

Funds under management increased by nearly one-third from £123m to £162m in the year to May 1978 and 14 new clients made use of the services provided by the company.

The property fund stood at £33.2m at the end of the year and its unit price rose by 28 per cent over the period bringing the total rise since inception in September 1974 to 90 per cent. About £1.4m was invested in property last year—the property portfolio amounting to £19.2m is split as to offices 34 per cent, shops 35 per cent and industrial 31 per cent. Over 25 per cent of the property is situated in Scotland.

Current rental income on the 41 properties held by the fund amounts to £1.2m and is expected to rise to £1.5m by 1982. Cash on deposit totals £4m which together with future rental income will be used to meet commitments of £5.2m. The company is drawing

the attention of pension fund managers unable to build up their own balanced property portfolio to the advantages of using this fund for direct property investment.

The mixed fund of equities and fixed interest rose in value to £73.3m from £57.2m. During the year the proportion held in fixed interest was reduced from 40 per cent to 35 per cent and the amount in UK equities increased by 10 points to 48 per cent. The overseas equity content was lifted slightly to 15 per cent, while the cash holdings were reduced slightly. The managers point out that it is their intention to maintain the proportion of the fund held overseas, a substantial part being in U.S. equities. They also intend to maintain the proportion held in UK equities.

The equity and fixed interest funds remained small during the year showing that the clients prefer the company to arrange the mix of investments between equities, fixed interest and property. The equity fund increased to £5m from £3.6m and the fixed interest from £1.6m to £1.5m.

New life business of London and Manchester Assurance, together with Welfare Insurance, showed a substantial rise in most branches for the first half of the year. New annual premiums for life business in the ordinary branch rose by nearly 30 per cent to £2.1m and single premiums by one-third to £235,000. New annual premiums on pensions and annuities more than doubled to £499,000 and single premiums showed a similar growth rate in reaching £237,000. However, single premiums for investment retirement annuities fell substantially to £46,000.

On the industrial branch, new annual premium went ahead by 20 per cent to £1.8m providing sums assured that were also 20 per cent higher at £33.7m.

The company also reports a much higher level of premium income being received by its main

fund and by that of Welfare. Total premium income to London and Manchester Assurance for the branch amounted to £8.5m against £5.9m in the corresponding period last year, while that in the industrial branch rose from £1.1m to £6.4m. Premium income in the general branch amounted to £1.7m against £1.5m. Welfare had premium income of £5.4m against £4.8m.

LEGAL AND GENERAL ASSURANCE Society is to set up a separate international operations division to be operative from October 1. The new division will co-ordinate the planning, liaison and control of the group's international activities and will be responsible for overseas branches, agencies, foreign business, and home foreign business. It will also be responsible for liaison with the overseas operating subsidiary and with the Victory Insurance Group.

The company has been expanding its business quite rapidly over the past few years in all branches of the business, but mainly in non-life. The latest move rationalises the present

ing group to expand its activities throughout the UK, and in spite of fluctuations in demand from major export customers it has had another successful year.

Engineering interests have made significant progress although the results were hindered to some extent by a prolonged move of the precision sewing machine company into new modern premises in Nottingham. The benefits of this move should be forthcoming during the current year. Demand for design teams has improved in recent months and the strengthened management of this company can take advantage of the improved conditions in the capital investment field, where the company has been awarded several major design projects.

The international exhibit and display services continue to strengthen their organisations and produced substantially increased results. The profit figures include the trading losses of the French exhibition hire activities up to August 31, 1977, when trading involvement in those activities ceased. Demand for exhibition space and services remained high throughout the year. The National Exhibition Centre at Birmingham has increased considerably the amount of exhibition

space available to the exhibitors. The display company broadened its international base by appointing additional distributors throughout the world, especially in Japan and Australia.

In the U.S. the consolidation and expansion of exhibition and display services has been experienced an uplift in demand during the year in spite of highly competitive conditions. The ability to provide tailor-made bodies to customers' requirements helps to maintain a strong position on a strong platform, says the chairman.

On a current cost basis, pre-tax profit is given at £2.44m, after adjustments for depreciation £2.13m, cost of sales £736,000, interest £328,000 and gearing £333,000.

The group exported goods to £1.84m (£1.44m). A statement of source and application of funds shows a £1.33m increase (£1.08m decrease) in working capital of £1.33m. The AGM of the company will be held at the Piccadilly Hotel, W. on August 22 at noon.

## Wearwell rights to raise £0.75m

Clothing manufacturer Wearwell is making a £7m rights issue underwritten by three investment trusts—Sogomana, London Trust and Sogomana Trust.

The rights issue is on the basis of every 100 shares for 25p each. In the market the shares held steady at 31p.

Apart from Sogomana and Fisher, the issue has been underwritten by the London Trust Company, Moorfields Trust (both managed by Rivermoor Management Services) and CSC Investment Trust.

At present these trusts have combined shareholdings in Wearwell amounting to 17.5 per cent (London and Moorfields 11.5 per cent and CSC 6 per cent). The trusts will be taking up the rights and their holdings could increase to 19.7 per cent of the enlarged capital depending on the outcome of the issue.

Strong and Fisher first took a stake in Wearwell's capital last August and already has Board representation. Sogomana and Fisher have agreed to subscribe for the shares due to it under the terms of the issue. In addition it will subscribe for the new shares offered to the public.

They control 35 per cent of the equity, but have passed on all their rights entitlement to S and F.

S and F has also undertaken to subscribe for a specified number of additional shares not taken up by the public in order to take its stake in Wearwell to 20 per cent, giving it associate status.

Small shareholders currently account for 40 per cent of Wearwell. Should an insufficient number of shares be left in order to take S and F's stake up to the agreed level, certain directors of Wearwell will sell part of their holdings at 25p to S and F.

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## NORTHAMPTON PLACING

Northampton Borough Council is placing privately an issue of £5m variable rate redeemable stock, 1983 at 100 per cent.

This is the largest local authority placing since the Bank of England changed the rules on July 17 disallowing issues of under £5m and over £7m.

Sales of previously announced up to £2m were permitted. Interest is payable on February 3 and August 3 with a first interim payment of £5,487 per cent on February 3, 1979.

Brokers to the issues are J. and A. Scrimgeour.

DEALINGS resumed in Kellock under rule 163 (2). The ordinary shares started trading at 35p and climbed upwards to close at 38p.

## Property Partnerships £641,000 cash call

Property Partnerships, the East Anglian property development group, is raising £641,000 net by way of rights on a one-for-four basis at 94p each.

The proceeds will be used to consolidate the financial position and part-finance a £600,000 extension to the Hotel Nelson, Norwich.

At the annual meeting yesterday, resolutions were passed to increase the authorised capital from £8.8m to £11m by the creation of 0.8m ordinary shares of 25p.

The rights price is payable in full on acceptance by August 21. The new shares will not carry the rights of the existing shares. The directors expect to recommend the issue.

Mr. W. R. Alexander, chairman of Scoteros, told the annual meeting that he expected improved results for the year.

The group was equipped for a sustained period of organic growth. "I believe we were right to concentrate all the cost of change into one financial year," he said.

Mr. Alexander confirmed that the Calsonic plastic sheet-making plant was a longer a drain on profits, although that equipment was not performing to specification.

On a current cost basis, pre-tax profit is given at £2.44m, after adjustments for depreciation £2.13m, cost of sales £736,000, interest £328,000 and gearing £333,000.

The group exported goods to £1.84m (£1.44m). A statement of source and application of funds shows a £1.33m increase (£1.08m decrease) in working capital of £1.33m.

The AGM of the company will be held at the Piccadilly Hotel, W. on August 22 at noon.

## Fixed Deposits with Lombard

If you have £5,000 or more to invest for a fixed period of 3 months or longer, telephone our Treasury Department on 01-623 4111 or 01-623 6744 for up-to-the-minute competitive interest rates. Interest is paid without deduction of tax at source.

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Shares of the Directors' Report & Accounts are available from the Secretary, Rothchild Investment Trust Limited, New Court, St. Swithin's Lane, London EC4P 3DU.

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## Greencoat marginally down at six months

ALTHOUGH REVENUE was higher at £1,223,000 against £788,000, taxable profit of Greencoat Properties fell marginally from £12,000 to £7,000 for the six months to December 31, 1977.

After tax of £41,000 (£40,000) and minorities of £19,000 (£16,000), attributable loss increased from £44,000 to £58,000. Again no interim dividend is to be paid.

The last payment was a single 0.13p net for 1974-75. The directors say a comparison of first-half results with those for the second-half is normally misleading due to the effect on profits of the timing of sales of dealing properties.

However, they are confident that the full-year operating profit will exceed that now reported. For the whole of the 1977-78 year, the company incurred a pre-tax deficit of £4.8m, which was after charging a £4.8m loss on the Grancanal development.

The group's UK activities continue satisfactorily and rent reviews have had a positive impact on group revenues, the directors state. The market for sales has remained firm, which has enabled them to pursue a policy of selective sales to finance the continuing cost of funding the Grancanal development.

They say that further progress has been made in resolving the problems resulting from the cancellation of the building permit for Grancanal.

New building permits have been granted on the site, the directors say, while the Ministry de l'Equipeement has now entered into the agreement to pay compensation previously referred to and FRs 12.4m cash has been received.

Although the validity of the new permits has been challenged by Parisian ecologists, the company's lawyers in France advised that the French courts will confirm the validity of the permits and



## MINING NEWS

## Hudbay buys stake in tantalum-lithium

BY KENNETH MARSTON, MINING EDITOR

AFTER a poor first quarter when there was a loss of £81.6m (£33,000), the Anglo American Corporation group's Canadian subsidiary, Hudbay Minerals, has achieved a second quarter net income of £24.8m before extraordinary items. The improvement reflects the substantial seasonal earnings of Terra Chemicals.

Earnings for the first half of the current year thus amount to £2.2m, or 27 cents per share, compared with net income of £7.39m a year ago. In the second quarter of last year there was a £35.2m gain on the sale of the Sylvite potash division to the Saskatchewan Government.

Hudbay says that despite the improvement in second quarter results, the loss incurred in the first three months reduced earnings for the half-year to a level but does not justify a resumption of dividends.

Meanwhile, Hudbay's offer to purchase 50.1 per cent of Tanco Mining Corporation of Canada (Tanco) has been accepted by the receiver and manager of International Chemical subject to certain conditions and approvals.

Tanco operates a tantalum mine at Bernice Lake, about 15 miles north-east of Winnipeg, which has substantial undeveloped reserves of lithium, growth of demand has been put at between 6 per cent and 8 per cent annually over the next four years.

Under the Tanco deal Hudbay is required to acquire 100 per cent of the company to lawfully Beryllium Industries of New York to raise Keweenaw's stake in Tanco from 24.99 per cent to 37.5 per cent. Accordingly, Hudbay and Keweenaw will equally have 75 per cent of Tanco—subject to Federal Government approval—and the remaining 25 per cent will continue to be held by the Crown-owned Manitoba Development Corporation.

## STRIKE HITTING NAVAN MINE

FOARS of a close-down at Tara Exploration's big Irish lead-zinc mine at Navan in County Meath increased yesterday when the strike of employees to the silver of explosives to the report was again halted for the third day running, reports our Dublin correspondent.

## OIL AND GAS NEWS

## Statoil makes strike in Statfjord Field

STATOIL, THE Norwegian state oil company, has struck oil in the Statfjord field, northwest of Bergen, and field, northwest of Bergen, spokesman in Oslo said yesterday. The find is in Block 34/10, involved are Norsk Hydro with a 9 per cent and Statoil Petroleum, a private Norwegian company, with 1 and gas than the Ekofisk field further south. The well has not yet been completed. TWO NEW OILFIELDS in the Gulf of Mexico are expected to be discovered in the near future, according to a statement from the

## London Deposit Agencies Limited

The Board of Directors of Marlon House Holdings Limited, holding company of the Godsell Group, international foreign exchange and currency deposit brokers, are pleased to announce their acquisition on 21st July from Page and Gwyther Holdings Limited of its sterling money broking subsidiary, London Deposit Agencies Limited, and its interests in L.D.A. (Corporate Finance) Ltd. and L.D.A. (Channel Islands) Ltd.

The existing sterling money broking activities of Godsell's will be consolidated into London Deposit Agencies to form a strong domestic division of the Marlon House Group. Mr. William Grove, Chairman, of Page and Gwyther Holdings, has kindly agreed to continue as a non-executive director of London Deposit Agencies. Mr. David Buik will continue as Managing Director. Mr. David Hagan, Chairman of Marlon House Holdings and the Godsell Group, has also been appointed Chairman of London Deposit Agencies.

Marlon House Holdings Limited  
Page and Gwyther Holdings Limited

1st August, 1978

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Convertible Preference Shares.

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Convertible Cumulative Redeemable  
Preference Shares of £1 each at par

The Council of The Stock Exchange has admitted the above-mentioned Convertible Preference Shares to the Official List. Particulars relating to these Shares are available in the statistical service of Retail Statistical Services Limited and copies of such particulars may be obtained during usual business hours on any weekday (Saturday excepted) up to and including 15th August 1978 from:

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

91 Waterloo Road, London SE1 8XP

or from

BEARDSLEY, BISHOP &amp; CO.

21 New Street, London EC2M 4UN

## BIDS AND DEALS

## Electronic Rentals move for Australian growth

In a £5.8m two-part deal, Electronic Rentals has substantially increased its penetration of the Australian television rental market.

The first part of the deal has involved Electronic buying a 55 per cent stake in Visionhire, an Australian television rental company, from Australian Guarantee Corporation, for £1.6m (£52,75m), the payment being spread over 12 months. Electronic already owned 25 per cent of Visionhire.

In the second part, Visionhire is to buy Trident Television, a rival rental company which is 77 per cent owned by Trident Television of the UK. The price for Trident is £3.4m in cash spread over five years, and Visionhire will additionally take on £300,000 of inter-group debt.

According to Electronic, the deferred payment basis for taking over Trident will mean that the deal is self-financing out of cash flow. In fact, Trident is only just about breaking even at present. In its last year to September, it lost £100,000 pre-tax on a turnover of £811.4m, bringing its total losses for the past three years up to £432.2m.

Visionhire, on the other hand, made pre-tax profits of £81m in its last year to September. The price for Trident is £3.4m in cash spread over five years, and Visionhire will additionally take on £300,000 of inter-group debt.

Separately, the two companies are of much the same size. Each has 12 branches in the main Australian cities and each has around 25,000 subscribers. Electronic believes that rationalisation of the branches, which could double the density of sets in each outlet, will lead to a rapid impact on the UK market.

Trident's UK parent also agreed to sell its UK business to Electronic. The Tigner Cos. are one of the

leading importers and wholesalers of knitwear in the UK with combined turnover of £8m and profit after tax of £42,493 for the year to September 30 1977. The date net assets were £1,472,960.

The management team of the Tigner Cos. who continue to hold 25 per cent of the capital, continues unchanged.

According to Dr. K. Bright, AB's chief executive, the acquisition is a "major step in our policy of widening our European interests." One important aspect was that the national distribution network of the Dickman Mucham Group would provide opportunities for AB to increase its total sales in West Germany.

AB is getting 100 per cent of Dickman and 75 per cent of Erich Mucham, the two companies which make up the West German group. Total net asset book value of DM 7.35m is guaranteed under the contract and a professional valuation of fixed assets at May 1 showed an excess of market value over net book value attributable to AB's interest of DM 8.2m.

Based on the West German group's accounts, net profit after tax for 1977 attributable to AB's interest was DM 1,482,000 (£27,000). In time, AB's other West German subsidiary, Weske, will be tied into the new group.

Through a wholly owned subsidiary (E. and G. Harris) Brown and Jackson has agreed to buy 75 per cent of the capital of the Tigner Cos. a group of associated companies based in Harrow, Middlesex. Consideration is £1.1m payable as £500,000 on completion and £600,000 in instalments with the last payment in 1984.

The vendors have warranted pre-tax profits for the three years to September 30, 1980 to be not less than £1.1m.

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## Assoc. Biscuit expands in W. Germany

Associated Biscuit Manufacturers will pay £3.8m (DM 15m) to gain control of the West German mallow and wafer manufacturer, the Dickman Mucham Group.

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## RIT may form offshore trust

THE FORMATION of a new open-ended offshore investment company is planned by Rothschild Investment Trust in which it is proposed to invest part of the £18.7m proceeds from the sale of the group's stake in the Magnum Fund.

The directors say that they consider it appropriate that RIT should continue to have a substantial investment exposure overseas. This is to be structured in as simple a form as possible and will account for a much less significant proportion of RIT's assets.

Accordingly, RIT is actively exploring, together with other investors, the formation of a new investment company to enable it to continue to take advantage of the investment attractions on Wall Street and special situations in foreign currency securities.

The original cost of RIT's 4.1 per cent stake in Magnum was £7.8m—the value at March 31 shows a 70 per cent increase on this at £13.2m while the proceeds from the sale represent an appreciation of 140 per cent over original cost.

Referring to the sale of Magnum, the directors explain that although the performance of the Fund has been superior to most closed-end funds, the shares continued to trade at a considerable discount on underlying net asset value. A consequence of that success has been that the investment accounted for a large part of RIT's total assets—13.5 per cent at March 31.

Incorporating the estimated £18.7m sale proceeds from the sale of Magnum stake, the net asset value of RIT at July 1 was 325p pre-conversion and 295p post-conversion.

Group net revenue in the year ended March 31, 1978 showed an increase from £1.61m to £2.13m. Mr. Jacob Rothschild, the chairman, says that the results reflect the success of the policy of taking significant stakes in companies or sectors with above average growth prospects.

Since the year end RIT has added to significant holdings in listed companies by acquiring 11.7 per cent of Godfrey Davis and 13.7 per cent on a fully diluted basis of Royal Worcester. At March 31 significant holdings accounted for £5.3m (£11.2m) of total assets of £15.7m (£31.2m).

Apart from Magnum these included Huma Holdings (27.2 per cent) at £4.87m; Lep Group (20.4 per cent) at £2.36m; Esperanza Trade and Transport (£17.2 per cent) at £1.96m.

RIT holds some 18 per cent of New Court Natural Resources; this company is now actively considering its future following the merger of one of its major investments in the U.S. with a listed company.

Group investments at the year end had a value of £15,700m (£36.46m)—the excess of market value over book was £18,200m (£7.55m).

See Lex

## Braham Millar expects further overseas growth

WHILE THE year ahead for the 61 per cent (74), North and South Braham Millar Group will not be America and West Indies 3 per cent (11).

Ogden, the chairman, looks forward to further progress. Demand is satisfactory with the volume of home sales again approaching that of exports. Foreign markets are being progressively widened — the Middle East still provides a steady flow of orders and new sales areas there are constantly being opened up.

The group is beginning to make an impact on the Far East; sales and prospects in the U.S. are encouraging and steps have been taken to meet demand from South America.

Against a background of continuing intense worldwide competition and the restrictions imposed on output by the shortage of skilled labour the group managed to push up profits, before tax, by 12 per cent to £1,000m in the year ended March 31, 1978.

Group sales rose from £8.44m to £9.02m. The value of goods exported from the UK was £4.8m (£5.1m) compared with £1.5m (£1.8m) in 1977. The group continues to hold a substantial volume of undiscounted bills receivable (£706,607 at the balance sheet date). Deposits on short call at the year end stood at £225,000 (£1,050m) while the overdraft was up from £28,000 to £183,000.

The capital expenditure at Millars has now, as expected, absorbed most of the funds held on deposit a year ago but borrowing facilities remain ample for the foreseeable future. The group continues to hold a substantial volume of undiscounted bills receivable (£706,607 at the balance sheet date). Deposits on short call at the year end stood at £225,000 (£1,050m) while the overdraft was up from £28,000 to £183,000.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## AMERICAN NEWS

## Carborundum profits aid Kennecott

BY DAVID LASCELLES

THE TWO largest U.S. copper producers today reported further declines in earnings due to the weakness of the copper market. Kennecott Copper's earnings were \$3.4m, equal to 10 cents a share, less than one-third of the \$10.5m or 32 cents a share earned in the same quarter last year. The average price received for copper was 61.3 cents per pound against 69.4 last year.

However, these figures are misleading since 1978 sales subsidiary "were sufficient to offset the decline in copper prices," Kennecott said. The quarterly breakdown shows that total sales of \$488.4m, Carborundum contributed \$202.7m. Kennecott's sales in the second quarter of 1977 were \$281.5m.

The company also said that it sold a portion of its inventory of unrefined gold and silver to help cash flow.

Kennecott blamed the weakness of copper prices on the high level of imports, and says it has petitioned, along with 11 other U.S. producers, the International

Trade Commission for relief. Kennecott produced 62,900 tons of copper in the quarter, but drew on stocks to sell 89,200 tons, accumulated when production outlast sales last year.

Phelps Dodge also had a sorry tale to tell. Net income for the quarter was \$11m or 45 cents a share, down from \$17.5m or 85 cents a share last year. Sales were also down by \$23m to \$252m.

According to Mr. George Munroe, chairman, the drop reflected primarily the sale of less copper, at lower prices, than in the comparable 1977 operations. Net in-

come was also hit by losses registered at its 40 per cent-owned subsidiary, Consolidated Aluminum Corporation, due to operational problems and high energy charges.

Against this, though, Phelps Dodge's manufacturing operations continued to do well, and Western Nuclear, a wholly-owned subsidiary, recorded a pre-tax gain of \$2.7m on the sale of three small uranium properties.

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## Florida challenges Texas Intl. offer

By Our Own Correspondent

NEW YORK, July 31.

TEXAS INTERNATIONAL AIRLINE'S proposed takeover of National Airlines was challenged today by the Florida authorities, who sought a temporary order restraining the regional airline from acquiring any more of National's stock.

National already holds 9.2 per cent, and in an application to the Civil Aeronautics Board for approval to win control of National, it has undertaken to purchase no more than 25 per cent until full approval is given.

National has its headquarters in Florida, and that state's Comptroller claimed to have moved to a tender offer. As a result, the regional airline was violating Florida's Investor Protection Act, because not all of National's stockholders—30 per cent of whom live in Florida—had been informed.

Florida International's assertion that it would increase its holding to 25 per cent before CAB approval for an acquisition has also run into criticism from the CAB's Bureau of Consumer Protection, which has suggested that this might be in breach of the Federal Aviation Act. In a telegram to the Bureau today, Mr. Frank Lorenzo, Texas International's president, disputed any possible clash with the law.

Meanwhile, National Airline's Board of directors was still in session this evening after more than six hours of discussions about the Texas International challenge.

Time Inc. offer

Time Inc. tender offer for a 25 per cent stake in Inland Container Corporation—worth some \$70m—has proved successful. Agencies report from New York. A total of 3,114,878 Inland shares had been tendered before the closing date. In accordance with the terms of the offer, Time Inc. purchased on a pro-rata basis 2m of the outstanding shares in Inland. Payment for the shares and certificates for tendered shares not purchased will be made on the basis of selection will be transmitted as soon as practicable.

Kaiser Steel advance

Kaiser Steel raised second quarter net profits to \$3.6m, or 48 cents a share, from \$2.6m, or 34 cents, on revenues down to \$189m from \$192m a year ago. AP-DJ reports from Oakland. Before tax credits and equity in unconsolidated companies, it made a loss of \$4.7m against \$6m; this was more than offset by equity in the earnings of Hamersley Holdings, Kaiser Resources and other unconsolidated companies, and by income tax credits.

Also for the second quarter,

insurance group St. Paul Companies rose from \$152 to \$180, the insurance and savings and loan company H. F. Ahmanson advanced from \$125 to \$142, and process instrument maker Foxboro Company expanded from \$105 to \$115.

Further advances were reported by textiles company Fieldcrest Mills, up from \$1.10 to \$1.40, cement manufacturer Alpha Portland Industries, up from 60 cents to \$1.23, Louisiana Land Exploration, up from 68 cents to 72 cents, chemicals, and metals and oil equipment manufacturer NL Industries, up from 57 cents to 68 cents.

At the six months level, advances in earnings per share were made by the diversified holding company Embart Corporation, with earnings of \$2.94 compared with \$2.47, the newspaper Washington Post, up from \$1.33 to \$1.57, drilling equipment manufacturer Smith International, up from \$1.74 to \$2.55, AMF Incorporated, which has interests in the leisure

## Good second quarter lift for Texas Instruments

BY JOHN WYLES

NEW YORK, July 31.

TEXAS INSTRUMENTS, one of the leading U.S. electronics companies with 44 plants in 18 countries, reported a strong 24 per cent increase in second quarter net income today.

With sales 35 per cent up on the same period last year at \$614.5m, net income totalled \$34.2m, and earnings per share amounted to \$1.50. For the half year, the company is running ahead of most analysts' original projections with a 23 per cent rise in sales to \$1.17bn and an 18 per cent increase in net earnings to \$61.98m.

A glamour stock, Texas Instruments, is selling at a price/earnings multiple of 17 which could well be regarded as moderate given the company's performance so far this year and its sharply increased order book. This stands at \$1.17bn, 863m higher than at the end of the first quarter and \$300m more than at the end of last year's second quarter.

Indications are that Texas Instruments is standing up well to increasing competition in many of its product areas from both U.S. and Japanese manufacturers. It was comparatively

late moving into the 16K Ram memory market but the company claimed today that its production of these silicon chips has increased rapidly and that Texas Instruments is now a major supplier to the microprocessor industry.

Analysis have argued that production problems in this area have severely reduced profit margins, but this speculation may now be re-examined. Research and development spending is now projected at \$113m in 1978, compared to just under \$100m last year.

## Resorts International faces fine

By Our Own Correspondent

NEW YORK, July 31.

RESORTS INTERNATIONAL, operators of Atlantic City's first casino which opened in May, has been accused by the New Jersey casino control commission of 39 alleged violations of gambling rules, and faces fines of up to \$39,000. The commission's findings must go to the full commission for final action.

The charges all relate to the casino's first four days of operation, and include findings that the casino allegedly failed to keep a proper record of loans to gamblers and violated procedures for counting winnings.

Liggett growth

Liggett Group, one of America's leading tobacco groups which sold off its foreign cigarette business to Philip Morris earlier this year for \$108m, has turned in second quarter net earnings from continued operations of \$5.5m, or 59 cents a share, against a corresponding \$6.2m or 63 cents a share. AP-DJ reports from New York. This was before writing off goodwill of \$17.3m earnings from the cigarette sale and before a gain on the sale of \$30.4m, which made a net of \$23.5m or \$2.88 a share. Second quarter earnings of the international cigarette division last year were \$382,000.

Vulcan outlook

Mr. B. A. Monahan, chairman of the executive committee and chief executive of Vulcan Materials, said in New York that harking a rapid downturn in the economy the company believes it is likely to report earnings per share substantially ahead of the 1977 results of \$3.40 a share, AP-DJ reports.

## Coal producers' future brighter

BY JOHN WYLES

NEW YORK, July 31.

VIRTUALLY trouble-free production since the settlement of the longest coal miners' strike in U.S. history is enabling some coal producers to recoup lost earnings.

Westmoreland Coal Company, which produces around 6m tons of coking coal a year, today reported that its second quarter profits had doubled over the comparable period last year. Net income was \$7.2m, equal to \$1.06 a share on an 18 per cent increase in sales to \$101.3m.

The company said that its second quarter production reached 2m tons which was the highest in any quarter since the last three months of 1976. It attributed this to a lack of interruption from strikes.

She relative calm which has settled on the bituminous coal

industry since the end of March has startled many observers who had thought that recriminations and bitterness engendered by the four-month strike would create fresh problems for the coal companies. During the last quarter, however, the coal companies lost only 35,000 man days because of wildcat strikes, which is less than one-tenth of the annual rate prevailing last year.

It is too soon to say, however, whether attempts to improve industrial relations at pit level are starting to bear fruit or whether the current peace is merely due to miners trying to rebuild their savings after the deprivations of the strike.

Another major coal company, Pittston, also reported second quarter earnings today. The April and prices may if anything be lower than last year.

continuing problems in the metallurgical coal sector, where the market has been somewhat weaker. Pittston turned in net earnings of \$20.6m, or 55 cents a share, compared with \$22.48m a year ago. Sales rose from \$310.5m to \$349.1m. Reflecting the impact of the coal strike, Pittston's half-year net income was \$357,000 compared with \$454,000.

Pittston's second-half earnings will be closely watched for the effect of recent negotiations between exporters of American metallurgical coal and Japanese steelmakers. Pittston has contracts to deliver 11m tons a year to Japan but under the recent agreement shipments will be reduced by 15 per cent in the fiscal year which began last April and prices may if anything be lower than last year.

## Record half year for Upjohn

BY OUR FINANCIAL STAFF

NET EARNINGS for the Upjohn Company, a worldwide producer and marketer of pharmaceuticals and products and services, chemicals and agricultural products increased by a record 36.5 per cent during the second quarter to \$37.1m or \$1.25 per share, compared with \$27.3m, or 92 cents per share, in the 1977 second quarter.

After tax earnings were equal to 10.7 per cent of sales compared with 9.1 per cent a year ago. It was the best figure for any quarter in the company's history.

Sales and earnings for the first

six months also set new company records. Sales during the quarter ended June 30 were \$347.9m, an increase of 15.4 per cent over 1977 second-quarter sales of \$301.6m.

All business segments contributed to the 15 per cent sales gain. Worldwide human health care products and services were up 15 per cent over the second quarter of 1977, with most major product groups, particularly anti-biotic products, showing satisfactory gains.

Growth of foreign chemical sales was less than in the U.S. as European economic conditions led to a softening of demand and fluctuations in currency exchange rates.

cultural sales were up 14 per cent, with particularly strong gains in sales of Lincomix for swine; MGA, a growth promoter for feedlot heifers; and mastitis products.

Total domestic sales for the quarter were \$214.4m, an increase of 14.7 per cent over a year ago. Foreign sales reached \$133.5m, up 15 per cent over the second quarter of 1977, with most major product groups, particularly anti-biotic products, showing satisfactory gains.

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## Time Inc. offer

Time Inc. tender offer for a 25 per cent stake in Inland Container Corporation—worth some \$70m—has proved successful. Agencies report from New York. A total of 3,114,878 Inland shares had been tendered before the closing date. In accordance with the terms of the offer, Time Inc. purchased on a pro-rata basis 2m of the outstanding shares in Inland. Payment for the shares and certificates for tendered shares not purchased will be made on the basis of selection will be transmitted as soon as practicable.

## Kaiser Steel advance

Kaiser Steel raised second quarter net profits to \$3.6m, or 48 cents a share, from \$2.6m, or 34 cents, on revenues down to \$189m from \$192m a year ago. AP-DJ reports from Oakland. Before tax credits and equity in unconsolidated companies, it made a loss of \$4.7m against \$6m; this was more than offset by equity in the earnings of Hamersley Holdings, Kaiser Resources and other unconsolidated companies, and by income tax credits.

## BRIEFLY

## American Stores opens on a strong note

NEW YORK, July 31.

THE MAJOR food supermarket chain American Stores lifted net income for the first quarter of the current fiscal year by 19 per cent to \$8.36m compared with \$7.1m on sales revenues higher at \$1.01bn against \$0.81bn. Net earnings per share rose from \$1.35 to \$1.58.

Two utilities have reported rises in second quarter net earnings per share: they are Consumers Power, up from 53 cents to 72 cents, and Texas Gas Transmission, ahead from 89 cents to \$1.49.

Other rises at the second quarter level are reported by the financial services group CIT Financial Corporation, ahead from \$1.04 to \$1.06, home and industrial appliances organisation White Consolidated Industries, up from \$1.21 to \$1.35, commercial printer R. R. Donnelly and Sons, ahead from 58 cents to 61 cents, and restaurant owner Gino's Incorporated, up from 41 cents to 53 cents.

Also for the second quarter,

insurance group St. Paul Companies rose from \$152 to \$180, the insurance and savings and loan company H. F. Ahmanson advanced from \$125 to \$142, and process instrument maker Foxboro Company expanded from \$105 to \$115.

Further advances were reported by textiles company Fieldcrest Mills, up from \$1.10 to \$1.40, cement manufacturer Alpha Portland Industries, up from 60 cents to \$1.23, Louisiana Land Exploration, up from 68 cents to 72 cents, chemicals, and metals and oil equipment manufacturer NL Industries, up from 57 cents to 68 cents.

At the six months level, advances in earnings per share were made by the diversified holding company Embart Corporation, with earnings of \$2.94 compared with \$2.47, the newspaper Washington Post, up from \$1.33 to \$1.57, drilling equipment manufacturer Smith International, up from \$1.74 to \$2.55, AMF Incorporated, which has interests in the leisure

industry, up from \$1.11 to \$1.22, taps, pipe and wire manufacturer Masco Corporation, ahead from \$1.03 to \$1.13, car parts distributor Genuine Parts Company, with 23 cents to 49 cents in the first quarter, and fourth quarter machinery manufacturer Signode Corporation, up from \$2.07 to \$2.32.

Moore McCormack Resources slipped from \$2.64 to \$2.03 at the six months level, but sees a rise in full year earnings. Other results include the diversified industrial company sources advanced from \$1.23 to \$1.15, down from \$1.70 for the second quarter, and \$1.15 to \$1.12 in the second for the 10 months period quarter, medicines manufacturer G. D. Searle, with net income for the second quarter up from \$13.37m to \$13.7m, and a first quarter loss from \$1.96 to \$2.03, Gulf Canada edged downwards from \$2 to \$1.92. Ashland Oil Canada saw a fall in net income ahead from \$1.4m to \$870,000, Mary-land Cup Corporation, the pack-

aging company, rose from \$1.35 a share to \$1.61 also in the third quarter, and medicines supplier Richardson-Merrell jumped from 23 cents to 49 cents in the first quarter, and fourth quarter machinery manufacturer Signode Corporation, up from \$2.07 to \$2.32.

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## Community Reinsurance Corporation Limited

The Company's underwriting arrangements with Arpel Underwriting Agencies Limited (a subsidiary of Alexander Howden Group Limited) will be terminated by mutual agreement with effect 31st December 1978.

The Company is establishing its own agency for which its Managing Director, Mr. H.M.E. Barnes, will be responsible.

Mr. Barnes will be resigning from the Boards of Alexander Howden Group Ltd. and various subsidiaries to devote

his full time to the new agency. The Board of Community Reinsurance Corporation Ltd. is most appreciative of the support received from Arpel Underwriting Agencies during the five years since its formation. The close co-operation with companies in the Alexander Howden Group will continue in the future role of Community Reinsurance Corporation Ltd. as an independent reinsurer.

## NOTICE

To the holders of the Floating Rate London Dollar Certificates Deposit due August, 1982 of:

**DOW BANKING CORPORATION**  
188, Fenchurch Street, London, E.C3

We hereby certify that the rate of interest payable on the above-mentioned Certificates of Deposit for the Interest Period beginning on 2nd day of August, 1978, is 9 1/2 per cent per annum and the Interest Payment Date relating thereto is 2nd day of February, 1979.

EUROPEAN BANKING COMPANY LIMITED



This announcement appears as a matter of record only.

المصرف العربي الدولي

## Arab International Bank

U.S. \$25,000,000

Floating Rate Notes due 1983

Issue price 100 per cent.

AIUBAF Group

Abu Dhabi Investment Company

Alahli Bank of Kuwait (K.S.C.)

Arab African International Bank

The Arab and Morgan Grenfell Finance Company Limited

Banco Arabe Español S.A.

Bankers Trust International Limited

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Citicorp International Group - Bahrain

European Arab Bank

First Boston AG

Kuwait Foreign Trading, Contracting &amp; Investment Co. (S.A.K.)

Manufacturers Hanover Limited

Midland Bank Limited

National Bank of Abu Dhabi

Riyadh Bank Limited

Libyan Arab Foreign Bank

Algemeine Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Arab Finance Corporation S.A.L.

Banca Commerciale Italiana

Banco di Roma

Bank of Bahrain and Kuwait B.S.C.

Banque de l'Indochine et de Suez

Banque Intercontinentale Arabe

Caisse des Depots et Consignations

Confidential Illinois Limited

Credit Lyonnais

Dresdner Bank Aktiengesellschaft

International Financial Advisors K.S.C.

Kuwait International Finance Company S.A.K. "KIFCO"

McLeod, Young, Weir International Limited

The National Bank of Kuwait S.A.K.

J. Henry Schroder &amp; Co. S.A.L.

Société Arabe Internationale de Banque (S.A.I.B.)

Santitomo Finance International

UBAN—Arab Japanese Finance Limited

Unione di Banche Arabe ed Europee (Italia) S.p.A.

Al Saudi Banque

Arab Bank for Investment and Foreign Trade

The Arab Investment Company S.A.A. (Riyadh)

Banca del Gottardo

Bank Gutzwiller, Kurtz, Buegner (Oversous) Limited

Bank of Credit and Commerce International S.A.

Banque de Paris et des Pays-Bas

Banque Internationale à Luxembourg S.A.

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Arab-Malaysian Development Bank

Banca Nazionale del Lavoro

Bank of America International Limited

Banque Bruxelles Lambert S.A.

Banque Française des Commerce Extérieur

Banque Internationale à Luxembourg S.A.

Banque Nationale de Paris

Banque Worms

Chemical Bank International Limited

Commerzbank Aktiengesellschaft

Crédit Industriel et Commercial

Crédit Lyonnais

Dillman, Reed Overseas Corporation

Dresdner Bank Aktiengesellschaft

European Banking Company Limited

Financial Group of Kuwait

Hambros Bank Limited

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Société Générale

Société Générale de Banque S.A.

Svenska Handelsbanken

Trade Development Bank London Branch

Union de Banques Arabes et Européennes—U.B.A.E.



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

Buehrmann  
Tetterode  
completes  
purchase

By Charles Batchelor

AMSTERDAM, July 31. BUEHRMANN - TETTERODE (BT), the Dutch board and paper manufacturer, has completed the consolidation of its corrugated cardboard operations by purchasing the remaining 50 per cent of Behcofabrik Z. De Zeeuw, De Zeeuw is the holding company for four corrugated cardboard manufacturers in southern and eastern Holland. BT said it acquired the remaining shares in De Zeeuw for an undisclosed sum in cash after buying the initial 50 per cent in 1975.

The four companies involved are Goffkartonfabrik Z. De Zeeuw, Goffkartonfabrik Z. De Zeeuw, Goffkartonfabrik Z. De Zeeuw, Goffkartonfabrik Z. De Zeeuw. The companies have an annual turnover of F1 120m (\$54m) and employ 800.

BT's paper, cardboard and packaging interests accounted for nearly 35 per cent of the company's 1977 sales of F1 156m (\$67m).

Its other activities are graphic paper, toys, office and printing machinery and publishing.

A 1-24 bonus issue will also be made to all shareholders.

Leading Saar steelmaker  
records worst-ever loss

BY GUY HAWTIN

FRANKFURT, July 31.

STÄHLWERKE Roehling-Burbach, the leading steel concern in the recession-hit Saarland, has just reported that 1977 was the worst year in its history. The current year will also end in the red, but although first half earnings are "negative" they are, according to the management, considerably better than the comparable period of 1977.

Roehling-Burbach's blackest year ended with losses of DM 211.8m (\$103.8m). The figures are made even more grim by the fact that they follow two other years of heavy losses.

In 1976 losses totalled DM 92m, while the year before they reached DM 138m.

The losses—described by the concern's chief executive, Dr. Juergen Krackow, as "catastrophic results"—stemmed mainly from the mass steel and the processing sectors where forging

operations were hard-hit by the downturn in power station construction. The usual special steel sector did better.

Utilisation of capacity was limited to just over 50 per cent, calling for drastic measures by the group. The entire Burbach steelworks was shut down and should remain in moth balls until 1980. There has also been a heavy run-down in the labour force, which from the start of 1975 to the end of the first half of 1978 has been slashed by 25 per cent.

The reduction in personnel in 1978 losses totalled DM 92m, while the year before they reached DM 138m.

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IMF sees  
continued  
favourable  
loan terms

WASHINGTON, July 31.

THE RELATIVELY easy conditions in international financial markets are likely to continue this year, says the IMF in its fortnightly publication Survey. This should "allow access by even non-prime borrowers to relatively favourable financing terms."

The IMF points out that the rapid growth in international lending slowed sharply in 1977, and while flows were marginally higher in nominal terms—\$100bn compared with \$96bn in 1976—real volume declined by 4 to 5 per cent.

Private international flows this year are likely to continue at levels similar to or above last year, when net new international bank lending totalled about \$75bn and net new bank issuing \$30bn, less \$6bn for estimates of double counting due to banks' holdings of bonds.

The distribution of this year between bond and bank borrowings will depend largely on the differentials between short and long term interest rates, particularly in the U.S., and on whether expectations for the dollar's exchange rate will improve.

International banking markets will probably remain liquid with continuing pressure to ease lending terms, says the IMF.

Such pressure may be reflected in a further lengthening of maturities rather than a decline in interest spreads. Several banks have suggested to the fund that a further erosion in spreads would "virtually eliminate" profitability from international lending.

Preliminary data for the first five months of this year show foreign bond issues to be running at an annual rate of \$20bn, which is 40 per cent up on 1977. Agencies

Sharp increase in profits  
from Source Perrier

BY DAVID CURRY

PARIS, July 31.

A SHARP increase in profits is announced by French drinks group Source Perrier, together with details of an acquisition. Profits after tax for the six months to February are more than a fifth higher at FF12.56m compared with FF9.34m for the opening six months of 1976-1977. For the whole of that year Perrier returned a net FF29.7m.

Perrier, whose overseas expansion has been rapid since it decided to concentrate on its traditional mineral water business, has bought a majority stake in a manufacturer of glass packaging materials. The purchase of more than 122,000 shares in Societe des Verrieres du Pays-de-Dome takes Perrier's stake from 38 per cent, acquired almost two years ago, to 73 per cent.

Perrier's policy is to increase its packaging capacity to meet the needs of its export market. It envisages doubling the capacity of its Vergeze plant with the same object in view.

The seller is Brasseries et Glacières Internationales (BGI), which retains 10 per cent in the transaction. BGI disposed of its shareholding in order to partly raise money for the recovery programme of its subsidiary, Union de Brasseries, which lost FF27m last year.

BGI and Credit Commercial de France have advanced FF1.5m a year ago. Turnover in the half-year amounted to FF44m, a decline of 5.7 per cent.

DBA, in which Bendix Corporation of the U.S. has a 51 per cent interest, said the setback was due to the general decline in activity observed in the industry since last summer and the exceptionally high level of sales last year.

managed to sell its dairy offshoot Preval, making the decision to give priority to its drinks interest.

Remaining shareholders in the packaging company have until August 22 to tender their shares for purchase by Perrier at FF136 per share.

Ducellier Bendix Lockheed Air-Equipment (DBA), makers of electrical components for the auto and aviation industries, reports a first loss of FF16.6m for the first six months of the year ending August 31, compared with a net profit of FF4.5m a year ago.

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DBA, in which Bendix Corporation of the U.S. has a 51 per cent interest, said the setback was due to the general decline in activity observed in the industry since last summer and the exceptionally high level of sales last year.

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Remaining shareholders in the packaging company have until August 22 to tender their shares for purchase by Perrier at FF136 per share.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Sime gets ultimatum over loan details

THE KUALA LUMPUR Stock Exchange has given Sime Darby Holdings until August 4 to provide details on its proposed \$475m loan issues or face disciplinary action. Reuter reports from Kuala Lumpur.

In a letter to Sime released to the public, the exchange advised Sime to furnish immediately details of the balance of the loan of \$400m, together with the terms of repayment, security pledged, and interest rate of the consortium loan of \$475m.

Banking sources in Kuala Lumpur have reported the following terms for the loan, writes our financial staff. Of the Singapore portion \$150m is at a floating rate carrying interest at 7 per cent above prime rate—currently 7 per cent—for three years and at 4 per cent above for the remaining five.

Interest on the \$75m fixed rate tranche is put at 8.375 per cent, as is that on the 75m ringgits Malaysian portion. The remaining 175m ringgits portion carries interest at 3 per cent above Malaysian prime, currently 7 per cent for the first six years and at 4 per cent above for the remaining two. Sime has said that a \$975m loan redemption apart, one specific area in which the funds would be employed was property development.

## Setback in earnings and turnover for Mitsui

BY YOKO SHIBATA

TOKYO, July 31.

ITSUI and Co. suffered setbacks in consolidated sales and profits for the fiscal year ended March. Sales totalled ¥7.57 trillion (million million), equivalent to \$484.4m, down 5.5 per cent from the 1976-77 level, while net profits declined substantially more sharply, by 41 per cent to ¥5.01bn (\$357m).

In spite of the substantial fall in imports and domestic sales, Mitsui's exports were maintained at the previous year's level at ¥1.68 trillion, supported by favourable sales of machinery, and in particular of chemical plant exports, which offset the negative effects of the yen's not take full effect on Mitsui's business during the year.

Reflecting dull domestic demands for industrial supply and capital equipment, imports declined by 6.3 per cent to ¥1.53 trillion. However, shipments of liquefied natural gas and liquid petroleum gas from Mitsui's joint venture at Das Island in the United Arab Emirates, increased gas imports. Domestic sales fell by 5.3 per cent to ¥4.13 trillion. Mitsui says that the Government's steps to increase public works spending, and cuts in the official discount of the rate during the fiscal year did timber transactions.

## Komatsu profits 6.8% higher at halfway

BY OUR OWN CORRESPONDENT

TOKYO, July 31.

JAPAN'S LARGEST construction machinery makers, Komatsu, increased its non-consolidated current profits for the half-year to June 30 by 6.8 per cent to ¥15.55bn (\$80m), on sales up 11 per cent to ¥194.78bn (\$99.9m) but net profits were 2.4 per cent lower at ¥7.51bn.

Helped by the Government's economy stimulation measures, the company was able to overcome the impact of the sharp appreciation of the yen.

With Komatsu's exports accounting for 42 per cent of total turnover, and more than 60 per cent being based on dollar payment, the recent rapid rise in yen value generated an exchange loss of ¥13bn. However, an improvement in the rate of production related to public works means that current profits were higher.

The company absorbed the exchange loss by raising export prices and by rationalising measures such as cost cutting. Price rises in overseas markets so far have not hit competitive, it is said. During the six months, the company has reduced term and short-term borrowing and, as a result, the capital ratio improved to 27 per cent from 26.2 per cent a year earlier.

## Jordan to complete financing package

By Rami G. Khouri

AMMAN, July 31.

JORDAN WILL probably be turning to the international capital markets again soon to finalise the financing package for its largest industrial scheme, the \$200m Dead Sea potash project. While \$230m required in credits has been raised in the form of long-term concessional loans from various Arab, American and international bodies, a \$20m supply credit will be needed, and as much as \$80m will be needed to finance a new facility to produce bromine using by-products from potash production.

This was revealed here by Mr. Ali Khasawneh, the chairman and general manager of the Arab Potash Company, who said that another \$80m required for a new magnesium production facility has nearly been obtained from a European State. Knowledge for the magnesium plant is being acquired from the Austrian company, Rother, and the bromine project will be established as a joint venture, with a 25 per cent share held by the Great Lakes Corporation, of the U.S.

Jordan's current five-year plan focuses heavily on export-oriented mineral-based industries, and officials here are known to favour the obtaining of commercial loans for self-financing export industries, while concentrating their soft-loan eligibility on development schemes in the social sector, such as schools, vocational training schemes and health care.

The country's second biggest project—the \$320m Aqaba chemical fertiliser plant—is also in the market for some \$60m, in a deal that is expected to be financed by the U.S. Current projections, according to Mr. Khasawneh, see Jordan earning an annual \$150m from sales of 1.2m tons of potash, and \$60m from sales of 30,000 tons of bromine and magnesium refractory. Production is expected to start in early 1982.

## Solid gains by Wheelock subsidiaries

By Ron Richardson

HONG KONG, July 31. HONGKONG REALTY and Trust Company, the main quoted property arm of the Wheelock group, and Wheelock Maritime International, the group's shipping subsidiary, have both announced solid profit gains for the year to March 31.

Hongkong Realty increased its consolidated net profit by 11.8 per cent to HK\$56.64m (U.S.\$7.7m), after excluding extraordinary earnings, but after allowing for tax and minority interests.

After taking into account the extraordinary profits of HK\$20.6m the year's result was up 82.6 per cent from the previous year's figure, on the same basis. The major component of the extraordinary profit was earned from a transfer within the Wheelock group of the former Hongkong Realty subsidiary, Wardell Securities.

Wheelock Maritime International increased its 1978 consolidated net profit by 16.7 per cent to HK\$34.34m (U.S.\$4.5m). The earnings were after tax and outside interests, but excluded non-recurring capital gains of HK\$3.98m.

Both the companies have increased their dividends for 1978 with increased final payouts. Hongkong Realty is to pay a final dividend of 10 cents on its "A" shares and 2 cents on the "B" shares, making the totals 17 cents and 3 cents respectively. The comparable total payouts last year were 16 cents and 3.2 cents.

Wheelock Maritime is to recommend final dividends of 22.5 cents on its "A" shares and 2.25 cents on the "B" class equity, making totals of 37.5 cents and 3.75 cents respectively, against last year's 35 cents and 3.5 cents.

## Cheung Kong well ahead

By Anthony Rowley

HONG KONG, July 31. CHEUNG KONG Holdings, a major property development group here, has announced doubled after-tax earnings of HK\$79m (U.S.\$17m) for the six months ended June 30.

Cheung Kong has also forecast profits of at least HK\$140m (excluding extraordinary items) for 1978 as a whole, an increase of around 40 per cent over 1977.

During the first half of this year, Cheung Kong made capital profits of just under HK\$43m on the sale of assets, as well as a write-off of tax previously over provided.

Cheung Kong has traditionally concentrated chiefly on residential property development, but recently made incursions into the commercial property sector. It also obtained two substantial contracts to develop office projects in the Hong Kong central business district, in conjunction with the Mass Transit Railway Corporation.

G. J. Coles The after-tax profit of G. J. Coles in the 52 weeks to June 24 would have been A\$40.20m (against A\$33.92m the previous year) had its equity accounted for K. Mart (Australia), Coles has said. Reuter reports from Melbourne. This corrects the figures of A\$41.77m (A\$4.66m) given in Coles' announcement on the reshuffling of ties with K. Mart Corporation of the U.S.

## ISLAMIC CAPITAL MARKET

## Task force sets to work

BY RAMI G. KHOURI IN AMMAN

ONE MONTH after central bank governors of the Arab states gathered here to lay the groundwork for the eventual establishment of an integrated Arab capital market, representatives of 41 Islamic states from all over the world start a week-long meeting here today with parallel aims.

Following up the first ever meeting of governors of the Islamic states central banks in Kuala Lumpur last March, a task force appointed by that gathering meets here to discuss in detail how to promote the free flow of capital and goods among the 41 states comprising the Islamic Conference.

Dr. Adnan el Hindi of Jordan's central bank says that among the topics to be discussed this week will be the liberalisation of laws governing the transfer of funds; national legislation to promote the sales of securities among Islamic states; the unification of investment, encouragement and protection laws; the establishment of an Islamic free trade zone, leading to an Islamic common market; the existing financial capabilities of institutions throughout the Islamic world; the establishment of specialised institutions to carry out detailed feasibility studies; the establishment of an Islamic import-export bank; and even the use of "Islamic travellers' checks".

The task force will break up into specialised committees, which will draw up detailed reports on these and other topics to be submitted to the second annual meeting of Islamic central bank governors in Uganda next April.

It is likely that one result of these discussions will be to strengthen existing institutions as the Islamic Development Bank, based in Jeddah, and a new economic data bank being established by the Islamic Conference in Ankara. Units for feasibility studies or an import-export bank would logically fit into the structure of the data

bank or the Islamic Development Bank, Dr. el Hindi says. The yardstick of this week's meeting will be the facilitating of the free flow of capital from the surplus oil producers to the poorer Islamic states, in the eyes of most officials. As the debt burdens of most of the Islamic less developed countries is high

Representatives of 41 Islamic states meet in Amman this week to discuss the promotion of the free flow of capital and goods. The yardstick in the eyes of most officials will be the facilitating of the flow of capital from the surplus oil producers to the poorer Islamic states. As the debt burdens of most of the less-developed Islamic countries is high already, the bankers will be paying particular attention to the flow of soft loans and the establishment of joint ventures with a significant participation by capital from surplus states—primarily Arab oil producers.

One idea that has already come up for informal discussion is for some Islamic states to join the newly established Arab Monetary Fund, though this has been discouraged by Arab officials on the basis that the Arab Monetary Fund is not yet sufficiently experienced to absorb the membership of yet more countries needing a balance of payments assistance.

Before such collective action can be taken, banking officials here say that the financial institutions of individual states have to be surveyed and then strengthened before any worthwhile regional or international integration can take place. This is the same attitude as prevailed among the Arab central bankers here last month, so it is not surprising to see the Islamic bankers take this stance.

## IMI ISTITUTO MOBILIARE ITALIANO

Annual Meeting — July 14, 1978

The Annual Meeting of the Shareholders of Istituto Mobiliare Italiano (IMI), presided over by Mr. Giorgio Cappon, was held in Rome on July 14, 1978 for approval of the Balance Sheet and of the Statement of Expenditures and Income for the forty-sixth financial year and to resolve the proposed increase of capital.

The Board of Directors' Report presented by Mr. Cappon, recalled that in 1977 the Italian economy had been largely conditioned by the stabilisation measures taken by the government to combat a serious currency crisis and to counter unacceptable inflationary pressures. In these circumstances, the Board was pleased to report a notable overall growth of IMI's financing operations, which resulted also in an increase of the market share of lendings by industrial credit institutions.

In sum, loan applications were received for a total of Lit.4,397 billion (+47 per cent compared with the preceding financial year). The volume of finalised loan transactions recorded an increase of more than Lit.500 billion (+24 per cent) to Lit.2,640 billion; of this total, 89.5 per cent was financed from IMI's own funds, 7 per cent with ECSC funds and 3.5 per cent from funds managed by the Institute on behalf of the State.

As of March 31, 1978, the composition of loans outstanding—totaling Lit.11,464 billion (+15 per cent)—was as follows: investment loans Lit.8,894 billion (+17 per cent); export-credit financing Lit.2,332 billion (+10 per cent); financial credits to foreign countries Lit.225 billion (+30 per cent); loans to non-residents Lit.213 billion (+4 per cent).

Export-credit financing granted during the year totalled Lit.691 billion, against Lit.663 billion in the preceding financial year; although the overall increase is relatively small, suppliers' credit recorded an outstanding growth of 131 per cent to Lit.369 billion.

The Report then observed that the major future loan commitments undertaken by IMI include the operations, already in part approved during the financial year under review, for the financing of supplies of plant, equipment and services to the USSR, to Algeria and to Mexico. In addition, the ceiling has been raised on the credit granted against Italian supplies to France in the context of the EURODIF programme.

The growth of financing operations was achieved despite the continuing considerable difficulties encountered in raising funds on the domestic market. During the past financial year IMI placed Lit.1,597 billion of bonds, against Lit.1,536 billion in the 45th financial year. As of March 31, 1978, bonds in circulation, both in lire and in foreign currencies, amounted to Lit.8,586 billion, showing an increase of Lit.575 billion (+11 per cent) compared with a year earlier.

The Institute's foreign operations during the 46th financial year were favourably influenced by the developments on the international market, which became available, in appreciable measure, to Italian institutions as borrowers of medium-term funds. Italy's foreign financial relationships have thus entered a new phase, reflecting the initial successes of the stabilisation policy adopted by the monetary authorities.

In this context the policy pursued by IMI has been to facilitate the reopening of the market and the \$200 million operation arranged by Morgan Guaranty Trust of New York, foreshadowed in last year's Report, represented the first significant return by an Italian borrower to the Euro-market. Subsequently, IMI concluded two \$100 million operations, the first managed by Compagnie Financière de la Deutsche Bank and the second with an international banking consortium. The proceeds of these loans will be utilised for the financing of investment projects by Italian industrial firms and of export credit. As regards the important, soundly-established cooperation relationship with the European Investment Bank, during the financial year under review contracts were concluded for a total of Lit.139 billion. This represented the contribution of the European Investment Bank, to the financing of industrial projects located in Southern Italy in the engineering, steel-making, telephone service and plastics sectors.

The principal controlled companies (FIDEURAM, SIGE, FID IMI, Italfinanziaria Internazionale), report extremely satisfactory progress and results, as do the major associate companies (SPEI Finanziaria, SPEI Leasing).

As of March 31, 1978 the Balance Sheet of "Credito Navale"—the Autonomous Section of Istituto Mobiliare Italiano—shows loans outstanding in the amount of Lit.431 billion, against Lit.460 billion at the close of the preceding financial year.

The Report then proceeds to a review of the individual items of the Balance Sheet and Statement of Expenditures and Income, which exhibit a net profit of Lit.30.2 billion (after provision for allocations to the credit-risk fund, the sundry-risk fund, and to the securities price fluctuation fund). The Board of Directors recommended the following appropriation of net profit: Lit.27.4 billion to the Statutory reserve fund and Lit.2.7 billion to the Shareholders (equivalent to 9 per cent on paid-up capital).

After hearing the Board of Auditors Report, the Meeting approved the Balance Sheet and the Statement of Expenditures and Income for the 46th financial year, together with the appropriation of net profit as recommended by the Board of Directors.

The meeting then approved the Board of Directors' proposal for the increase of the capital of Istituto Mobiliare Italiano from Lit.100 billion to Lit.500 billion.

## BALANCE SHEET SUMMARY AS OF MARCH 31, 1978 (46th Fiscal Year)

LIABILITIES	Lit.	ASSETS	Lit.
Subscribed capital stock	100,000,000,000	Subscriptions receivable on capital stock	70,000,000,000
Reserve funds	710,248,496,054	Cash and deposits with banks and agencies	1,520,843,571,004
Government allocations under Law No. 134 of March 22, 1971	258,164,000,609	Securities owned	862,915,848,341
Real estate and furniture depreciation funds	6,197,238,826	Loans	10,365,359,927,414
Staff severance and retirement fund	25,510,494,254	Advances receivable and other credits	1,086,588,125,993
Bonds in circulation	8,585,958,707,038	Real estate and furniture	97,515,435,585
Subscribers of our bonds	685,149,808,000	Interest receivable and rediscounts on payables	307,928,593,342
Borrowing and sundry debts	3,398,220,510,075	Discounts on bonds	554,745,330,147
Interest payable and rediscounts on receivable	482,718,317,449	Miscellaneous items	2,353,095,066
Outstanding guarantees	90,320,610,370	Outstanding guarantees	90,320,610,370
Discounts on loans	66,181,100,723		
Net income for the fiscal year	30,202,251,111		
	Lit. 14,988,877,537,262		Lit. 14,988,877,537,262
Contra Accounts		Contra Accounts	
Loan commitments, securities and bills held and on deposit	5,468,149,334,737	Loan commitments, securities and bills held and on deposit	5,468,149,334,737
Special and fiduciary operations	2,454,177,429,139	Special and fiduciary operations	2,454,177,429,139
GRAND TOTAL	Lit. 22,881,204,301,138	GRAND TOTAL	Lit. 22,881,204,301,138

## STATEMENT OF EXPENDITURES AND INCOME AS OF MARCH 31, 1978

EXPENDITURES AND LOSSES	Lit.	INCOMES AND PROFITS	Lit.
Overheads	39,062,885,884	Interest on loans, advances and current accounts	1,106,426,780,786
Interest paid and other charges on bonds	757,776,129,081	Interest on sundry income on securities held	62,598,416,567
Interest paid on loans and sundry debts	161,056,962,051	Commissions and fees	5,517,915,024
Depreciation	1,438,835,196	Sundry incomes	60,209,187,738
Losses realised and unrealised on securities owned	19,896,118,181	Utilisation of reserve funds	
Operating losses on the holding under Law No. 134 of March 22, 1971	38,102,273,000	Utilisation of the Government's allocations to cover the operating losses on the holding under Law No. 134 of March 22, 1971	38,102,273,000
Taxes for the fiscal year (including allocations)	62,889,543,833		
Taxes for preceding fiscal years	43,845,531,235		
Sundry charges	20,949,965,053		
Allocations to credit risk and securities price fluctuation funds	50,587,295,511		
Allocations to sundry-risk taxed fund	70,000,000,000		
	Lit. 1,265,404,639,025		
Net income for the fiscal year	30,202,251,111		
	Lit. 1,295,606,890,136		Lit. 1,295,606,890,136

## Svenska Cellulosa Aktiebolaget SCA

Multicurrency Loan  
equivalent to  
£16,500,000

Managed by

Svenska Handelsbanken  
S.G. Warburg & Co. Ltd.

Provided by

Crédit Lyonnais  
Hambros Bank Limited  
Hill Samuel & Co. Limited  
Morgan Guaranty Trust Company  
of New York  
Svenska Handelsbanken  
S.G. Warburg & Co. Ltd.

Agent

Svenska Handelsbanken

July 1978

This announcement appears as a matter of record only

## United States Copper Mine and Integrated Metallurgical Plant FOR SALE

Hedra Mining Company's undivided one-half interest in the Lakeshore Mine and Metallurgical Plant located on the Papago Indian Reservation, 30 miles south of Casa Grande, Arizona.

Sealed bids must be submitted prior to September 16, 1978.

Qualified parties may obtain detailed information regarding this facility and its production history by writing or calling:

W. H. LOVE  
or  
WILLIAM A. GRIFFITH  
Hedra Mining Company  
P. O. Box 320  
Wallace, Idaho 83873

Phone: (208) 752-1251

Telex: 326476 Hedra Co Wale

There are no preestablished terms of any offer, but the Company reserves the right to refuse any and all bids for any reason. All proposals will be kept in the strictest confidence.

Principals only







# Wall St. 6 firmer on slower inflation hopes

**INVESTMENT DOLLAR PREMIUM**  
\$2.80 to \$3.00 (99%)  
Effective \$1.815-1.82 (47%)  
**STOCK PRICES ON WALL STREET**  
Improved after a broad  
turnover, overcoming renewed  
dollar weakness and initial profit  
taking.

The Dow Jones Industrial Average, following the previous week's rise of 22.87, closed 5.88 higher at 962.27. The NYSE All Common Index advanced 41 cents further to a new 1978 high of 556.89, while gains outscored losses by 1,053 to 438. Trading volume came to 33.99m shares, marginally above last Friday's 33.97m.

Analysts said hopes that interest rates may peak and the pace of inflation may moderate contributed to the rise, as did hopes of a reduction in capital gains taxes. They added that investors are inclined to ignore negative news, such as dollar weakness and act on positive developments.

Last Thursday's report of a drop in the basic money supply eased fears of further monetary tightening, while expectations that food prices will moderate generated hope that the pace of inflation may slow despite last week's news that inflation in June continued at a double digit pace.

The market has also been heartened by last week's report of a narrowing of the second-quarter trade deficit.

Yesterday, Commerce Department reported that the U.S. index of leading economic indicators rose 0.4 per cent in June after a revised 0.1 per cent rise in May. Analysts commented that the report supported projections of continued moderate economic growth.

Building on last week's new high for the year, IBM advanced \$3 more to \$281. Du Pont gained \$2 to \$120.1, nearing its recent 1978 peak of \$121.

Exxon rose \$1 at \$481, said it will drill its Baltimore Canyon well to a depth of 17,000 feet but would not comment on any findings. Earlier, it had planned to go to 14,900 feet.

Texasco, also drilling in the Baltimore Canyon, said it is \$25 in an active turnover. It picked up \$1 to \$383 and Shell Oil \$13 to \$233.

National Airlines, at its own request, did not trade. The Florida State Controller has sued to block Texas International Airlines' attempt to take over National. Texas International shed \$1 to \$14 while American Express rose \$1 to \$144.

Citicorp, the leading active, were unchanged at \$241—a block of 300,000 shares changed hands at \$241.

Bankamerica, which after the close announced a dividend increase, were unchanged at \$241—a 400,000 share block was traded at \$241.

Gaming issues were strong. Playboy moved ahead \$2 to \$213 and Harrah's \$2 to \$252. Golden Nugget, on the Pacific Exchange, advanced \$2 to \$201. It has taken an option on a Miami hotel.

Yesterday, the American SE Market Index advanced another 0.38 to 154.73. Volume 4.13m shares (4.01m).

Leaves Theatre Warrants led the active list and rose \$1 to \$171. Syntax in second place, gained \$1 to \$231.

Resorts International "A" jumped \$1 to \$85, but New York Times "A" lost \$1 to \$30 in active trading.

**Canada**  
Markets continued to strengthen in heavy dealings, with the Toronto Composite Index gaining 4.3 more to a fresh peak for the year of 1,183.5. Among the component groups, Metals and Minerals moved ahead 9.9 to 992.1 and Oils and Gas 2.5 to 1,343.3, but Golds, strong of late, came back 18.5 to 1,377.4.

The closing indices in Montreal were not available due to computer problems.

Among companies reporting higher earnings, Chateaux Development rose 1 to \$232.1, Bralorne Resources 1 to \$271, Magnesium Canada 10 cents to \$22.60, International Magnesium 1 to \$261, Dofasco "A" 1 to \$232, and Transcanada Pipe, the most active issue, 1 to \$162 on 215,650 shares.

**Tokyo**  
Marking a mixed to firmer showing yesterday in moderate trading volume of 220m shares, with the Nikkei-Dow Jones Average gaining 13.47 to 5,601.34.

Continuing to consolidate its position after the recent upthrust, the market closed with irregular movements following an active business. The Commerce Index slipped back 0.9 more to 815.3.

Stores generally reacted after recent market strength, with Kariyashi losing DM4 and Kaufhof DM12.

Banks were easier-led, including Deutsche Bank, while Engineering had KND down DM 3. Gutehoffnungshütte DM150 cheaper, but in Stralings, Rhenishwerk improved DM20.

On the bond market, Public Authority issues recorded fresh losses, although the 10 per cent 1973 and 1974 Federal Loans were as much as 75 pence weaker. The Reichsbank 2 1/2 per cent 1973 and 1974 Federal Loans were as much as 75 pence weaker.

Paris Profit-taking brought an easier tendency yesterday in fairly active trading, breaking the market's strong upward movement of the past two weeks. Friday's announcement that a team of Australian scientists had developed a new method for disposing of uranium waste, which attracted investors to the uranium sector, was a factor.

Switzerland Easier for choice in light trading. However, Elektrowerk gained 30 to \$27.1580 and Motok gained 20 to \$27.151, reflecting favourable price comment.

Stock prices displayed a bias to higher levels. Among Steels, Cockerill rose 14 to \$27.440, while Non-Ferrous Metals had Asturienne up 46 to \$27.440.

Brussels Copper appreciated 8 cents to \$27.440, while Bouteville Holdings put on 3 cents to \$27.440, while the rest of the diamond

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## Indices

### NEW YORK - DOW JONES

											1976		Share receipts %	
											Low	Low	High	Low
	July 31	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20				
Industrial	882.2	869.28	883.57	947.16	939.57	841.86	856.67	742.12	795.79	41.82				
Of one firm	87.73	67.88	87.48	67.28	87.16	67.38	68.80	128.70	111.73	22.82				
Transport	247.14	239.51	238.17	235.03	234.06	229.35	189.51	189.51	179.85	12.19				
Utilities	108.63	108.46	108.06	105.93	106.96	106.38	102.84	102.84	102.84	16.58				
Trading vol. 000's	55.98	53.97	53.98	55.85	56.96	53.29	55.1	55.1	55.1	6.92				



## FARMING AND RAW MATERIALS

## Coffee export curbs urged

BY RICHARD MOONEY

LONDON COFFEE futures prices continued their sharp recovery yesterday when the September position gained another 287 to close at £1,323 a tonne — 2231 above the two-year low reached early last week.

Prices had opened higher in line with the strong pre-weekend close in New York, but dealers could offer no fundamental explanation for the subsequent rise.

Some thought that a surprise plea for the imposition of export quotas by the Colombian delegation at this week's International Coffee Organisation talks in London might have encouraged speculative buying, but others saw this news as "bearish".

Sr. Arturo Gomez, Jaramillo, president of the Colombian Coffee Federation, told the ICO's executive board meeting that it should take immediate action to regulate the international coffee market by the introduction of quotas. Such a move would involve over-riding International Coffee Agreement price triggers as even following recent sharp falls, world coffee prices were well above the 77.46 cents a pound level at which quotas would be introduced under the terms of the agreement.

Any such action could only be taken at a full meeting of the International Coffee Council and would involve substantial renegotiation of the agreement. "The trigger price could not be altered in isolation," one London dealer explained.

It would appear, therefore, that all Sr. Gomez Jaramillo's export board members feel that what they see as a coffee price crisis in the long run this might push prices lower.

One producer showing no signs of panic, however, is Brazil, which at the weekend opened export registrations for October shipments at an unchanged minimum price level of \$1.50 a cmt. Such a move would involve over-riding International

## Farmland fund troubles in a year

By Adrienne Gleeson

HILL SAMUEL'S Mutual Agricultural Property Fund troubled in size over the year to the end of March. At almost £13m at the end of the year, it had become the biggest of the institutional farmland funds, and a further £2.6m has subsequently been subscribed.

But however enthusiastic its unitholders are about the longer term prospects for farmland, Mutual Agricultural's directors are none too confident of the immediate future.

In fact Mr. Douglas Allison, the chairman, says that the prices recently achieved on some vacant farms "offer the prospect of immediate returns that we view as unacceptably low". The directors "should welcome a decline in land values, but should expect such a setback to be only short-lived".

Nevertheless, Mutual Agricultural is continuing to negotiate new purchases, though concentrating for the moment on let farms, "particularly those of high quality where a low immediate yield can more often be justified".

Last year the fund bought 11 farms, seven of them let, including its first hill farm, Hayfield and Doveholes in Derbyshire.

At the end of the year it owned 24 farms, or almost 15,000 acres, of which 7,483 acres were let, while the remainder was farmed in hand.

As expected, the switch of funds from high yielding farmland meant that the average distributed per unit declined last year, from £24.44 to £20.15.

However, thanks in part to reversions, in part to an increasing yield on the in-hand farms, and in part to the fact that the money still on deposit is earning more, the fund should be able at least to maintain this distribution in the current year.

Mr. Allison points out that between October 1976 and October 1977, the rents on farms surveyed by the Ministry of Agriculture, Fisheries and Food rose by an average 47.6 per cent. He says it would be unreasonable to expect rents to continue to increase at this pace, but that the growth in income should be sufficient to satisfy unitholders.

## Cancer confirmed in 50 cattle

BY CHRISTOPHER PARKES

When the presence of the disease in Britain was formally acknowledged in London two weeks ago, officials said that a survey of imported cattle would be completed before any long-term policy for handling the disease was decided.

In the meantime, farmers were to be given the option of either isolating confirmed cases until this policy had been hammered out, or sending the diseased animals for slaughter and taking compensation.

Leukosis, which offers no known threat to human health, has been found in imported cattle and animals bred from imports.

At a sale of British Canadian Holstein cattle in Whitshire last week, buyers bid up to almost £3,000 for young breeding cows the Ministry of Agriculture has decided to keep at full market value, the top price for a cow was 2,800 guineas and lowest 750 guineas.

## Welsh trawler reprieve

BY ROBIN REEVES, WELSH CORRESPONDENT

MILFORD HAVEN'S one remaining trawler company has decided to continue fishing at least for the time being—as a result of the Government's recent decision to introduce stricter fisheries conservation measures.

Norrad Trawlers, which operates five of the port's seven remaining trawlers, announced last month that it planned to go into voluntary liquidation because of sustained overfishing on Milford Haven's traditional fishing grounds in St. George's Channel.

The news was described then as the final blow for the port, which 25 years ago was the largest fishing centre on the West Coast of Britain.

Yesterday the company said that in view of the Government's decision to introduce more stringent conservation measures, it had decided to soldier on.

The key measure is regarded as the ban on small 40 mm mesh net sizes now being used by many of the Continental fishing vessels catching shrimps and prawns—and a considerable amount of valuable, undersized white fish besides.

From October 1, all vessels fishing in UK waters will have to comply with Britain's 70 mm mesh minimum or face arrest and heavy fines. This move is part of the unilateral conservation package introduced by Mr. John Silkin, Agriculture Minister, to show the target of objections in Brussels.

## Storms flatten grain crops

By Our Own Correspondent

SUMMER STORMS have flattened large areas of grain in the main cereals growing regions of Britain, and yesterday the forecasters were expecting more heavy rain and thunder to keep the combine harvesters out of the fields.

Our correspondent in Norfolk reports that more than two inches of rain fell during Saturday and Sunday, knocking down most of the county's grain crop.

Wheat barley is now ready for harvest but most other crops are not expected to be ready for cutting for several weeks.

Sources in Portsmouth say the southern region's winter barley crop is yielding slightly less than the average for the past few years. Quality is variable and moisture content is between 14 and 17 per cent.

## MOVE TO COMBAT GRASSHOPPERS

WASHINGTON, July 31.

THE U.S. Environmental Protection Agency has cleared the way for a broader application of four pesticides to combat plagues of grasshoppers raiding crops in Western states.

Roulet

## Plain tea price falls to two-year low

BY OUR COMMODITIES STAFF

THE AVERAGE price of plain teas auctioned at the weekly London sale yesterday fell 5p a kilo to 65p—its lowest level for about two years.

Quality grades fell 4p to 130p a kilo, while medium grades averaged 106p.

Mr. George Neale, president of the Tea Brokers' Association, said that the market was suffering from over-supply. Retail demand had been improving satisfactorily in line with recent price reductions, but there was still simply too much tea on offer.

He blamed what he termed the "Hattersley hiatus"—all tea sales were effectively stopped during March while Mr. Roy Hattersley, Prices Secretary, decided whether or not to impose a maximum retail price on tea.

But producers also had to carry their share of the blame for the sharp downturn in prices. Encouraged by high prices at the London auctions they had tended to over-do their exports to Britain.

Good weather conditions and heavy crops had made things worse. East and Central African producers had had particularly heavy harvests.

The "Hattersley hiatus" meant that the last of the North Indian crop was still unsold, when normally it would have been cleared about six weeks ago.

Plain teas have now come down 23p a kilo since the turn of the year, while quality grades have fallen 25p.

Our Calcutta correspondent writes: The West Bengal Ministry has asked the state Tea Development Corporation to organise a co-operative tea plantation in North Bengal where member growers allotted one acre of land each.

The growers will hand over their output to the corporation for processing and marketing. If the plan materialises, it will be the first co-operative tea plantation in the country.

The West Bengal Tea Development Corporation, which is now running only two tea gardens after taking them over as uneconomic units, intends to take over five more failed gardens in Darjeeling and Dooars.

## Australia's last whaling station to close soon

PERTH, July 31.

THE OPERATOR of Australia's only whaling station, Cheynes Beach Holdings, has said it will cease whaling soon because of uncertainties about its future.

The company operates whalers out of Albany, in Western Australia.

The official inquiry being conducted into whether whaling should continue or cease in Australia has had the unforeseen effect of discouraging the company's normal buyers of sperm oil from ordering forward.

This reluctance emerged early this year, but not until some directors visited expert buyers in the UK and Europe in mid-July did the Board realise how serious was the move away from filtered sperm oil to alternatives.

The buyers anticipated the trend to doubts about whether the company would get a 1979 whaling licence, consequently about continuity of supplies.

Potential demand had dropped and such demand as now existed was at prices below production costs, the company said.

Cheynes Beach said it had made one sale of 1,000 tonnes of sperm oil out of 1978 production, but costs would not be fully covered.

It forecast a substantial loss for 1978 against a AS\$63,000 profit last year.

The company satisfies a substantial proportion of free market demand for sperm oil as Japan and the USSR use most of their output domestically.

The company produced 4,151 tonnes of sperm oil and 2,867 tonnes of solubles and meat from a 677-whale kill last year.

Cheynes Beach said it had made no decision as yet on the closure date because it had to consider forward commitments for meat and solubles and the needs of Australian industry, which it supplied with refined sperm oil.

The company was considering altering its plant to process fishmeal, but government aid would be necessary for this.

## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

Amalgamated Metal Trading reported that the London metal market was active and well supported. Copper, lead and zinc were all up, while tin, nickel and aluminium were down. The market was well supported by a strong demand for copper, lead and zinc, which were all up. Tin, nickel and aluminium were down. The market was well supported by a strong demand for copper, lead and zinc, which were all up. Tin, nickel and aluminium were down.

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## RUBBER

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## PRICE CHANGES

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## U.S. Markets

## Gold hits new 'highs'; copper falls

NEW YORK, July 31.

PRECIOUS METALS rallied sharply with gold establishing historic "highs" as the weakness in the U.S. dollar continued. Copper, which had been speculative, fell after reports of increased production in the Kibwe area. Cocoa rallied on a report that the U.S. government was considering a new export control.

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## OFFSHORE AND OVERSEAS FUNDS

† Property Growth ... 20%







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[illegible]



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## FRENCH AIR TRAFFIC CONTROLLERS PLAN FURTHER ACTION

## Queues grow at European airports

BY MICHAEL DONNE IN LONDON AND DAVID CURRY IN PARIS

THE AIR travel chaos which has already stranded thousands of passengers at Western European airports may continue this week, and get worse next weekend when French air traffic controllers resume their work strike.

Late yesterday, the controllers said that, in the absence of any Government moves to negotiate on their claims for higher pay and better working conditions, they would continue their industrial action until Wednesday, and then resume it this weekend, for the fourth consecutive weekend.

The French Government is refusing to negotiate while the industrial action persists and M. Raymond Barre, the Prime Minister, has commented that the controllers should "come as quickly as possible to a better understanding of their responsibilities towards air travellers."

M. Joel Le Theule, the Transport Minister, who says the action is "unjustified and unacceptable," has indicated that he will listen to the controllers' grievances when normal working has been resumed.

He claims that the controllers

are fully aware of the Government's intention to make special provision in next year's budget for investment to improve the quality of the equipment, and that recruitment of further staff will follow.

The controllers, who operate the four centres of Air-Mons (Paris and the north-east); Brest; Bordeaux; and Aix, have so far mounted separate actions.

The present action will end on Tuesday evening or Wednesday morning, depending on the centre, to be followed in most places by mass meetings. At the same time, delegates will attend a joint meeting, probably at Air-Mons.

They claim better pay, integration of bonuses into salaries, immediate investment in modern equipment and an end to the system of dual civil and military controllers, which they claim limits employment and promotion.

Air traffic controllers are bracketed with police and prison officers in not having the legal right to strike.

Present pay for a senior controller, including bonuses, is

around FF8,000 (£950) a month, which is less than a quarter of the earnings of senior pilots with French airlines. The controllers take charge of aircraft flying higher than 3,500 metres.

In the UK, airlines are unlikely to be able to clear the backlog of delays of up to 48 hours before the go-slow resumes on Friday.

Many airlines and airport managers openly wish that it were a strike rather than work to rule, because they could then advise passengers either not to travel or make alternative arrangements.

As it is, all they can do is advise passengers to turn up and wait, or set schedules back 24 hours and ask passengers to telephone for advice before leaving home for the airport.

British Airways, the charter subsidiary of British Airways, yesterday set all its departures back by 24 hours, while Thomson Holidays asked all clients travelling today to call 01-388 1241 before leaving home.

The problem was worst again yesterday for holiday flights to Spanish resorts because they

pass through French airspace. At Heathrow, there were severe problems but less acute than at the "holiday airports." Delays to Paris were said to be up to two hours, to Portugal four hours and up to three hours to Italy and Switzerland. The French controllers were reported to be taking only 16 flights an hour through their airspace en route to Central and Eastern Europe.

Some flights are using the so-called "Spanish Track" over the Bay of Biscay but this involves flying for about 200 miles out of direct contact with UK air traffic control and is disliked by pilots.

The Civil Aviation Authority emphasised that this route had been devised solely to help ease the problem, and no airline was obliged to fly it.

So far as the cheap-fare Stand-By and Laker Skytrain flights are concerned, the problem has stemmed from unexpected pressures of demand and has nothing to do with the French air controllers' dispute, except where flights destined for New York have been delayed while passing

through Europe. The point is made that some of the difficulties of passengers waiting for these cheap flights stem from their own lack of understanding of the risks involved in travelling Stand-By at all—for example, in not recognising that there is no guarantee of a seat at all at any time.

The British Airports Authority yesterday applied to the High Court for an injunction restraining the scheduled airlines from offering cheap Stand-By tickets at Heathrow, and obliging them to sell those tickets only from their town offices.

In Rome, union officials went ahead with plans for a 24-hour strike by airport ground staff and some pilots for Thursday, in a protest about the inconvenience many passengers and force some flight cancellations.

Thomas Cook, the travel organisation, yesterday set up a £50,000 contingency fund to help clients stranded at British airports because of the industrial action by French air traffic controllers.

## Treasury research boost follows Ball report

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY proposes to expand its research effort and develop its outside links in response to criticisms about a lack of openness made earlier this year by an officially commissioned report.

The suggestions, however, only go some way towards meeting the recommendations of the 117-page report produced in April by a committee chaired by Professor Jim Ball, the principal of the London Business School.

In particular, the Treasury has rejected a proposal for the creation of a central research unit. Instead, it argues that the present dispersal of research effort works well, and that separating this from day-to-day operations of forecasting and analysis would involve a substantial cost.

The Treasury's reply was disclosed in a Parliamentary written answer yesterday. This said its research effort in the area of macro-economic modelling, forecasting and policy analysis would be increased, while existing arrangements for liaison with academic and other

research workers would be developed. The main changes proposed are the appointment of three new professional economists whose main responsibility will be for research including the evaluation and application of the research done elsewhere; the increased use of part-time academic consultants; and the appointment of an independent chairman to the existing advisory academic panel.

The academic panel first met just over two years ago to bring the Treasury's macro-economic model for forecasting the economy with leading academic workers in similar fields. In addition to these functions, the panel will now become responsible for advising on the strategy and priorities of the Treasury's macro-economic research programme. It is expected that this will involve a written annual report to the Chief Economic Adviser to the Treasury.

The report criticised the Treasury for a lack of openness in the public presentation both

of its thinking about alternative economic policies and of its research work.

These points received a distinctly cool reception from senior Treasury economists who felt that they were already much more open than before in view, for example, of the publication of internal working papers.

An irony about both the report and the Treasury's response is that the reason for the committee's formation, an inquiry into optional control techniques, has been downgraded to a relatively minor issue. The committee's brief had been to consider how far these techniques could be applied to policy-making. The optional control approach involves an attempt to achieve certain specified goals using techniques derived from engineering.

Professor Ball's committee was sceptical about the direct benefits of this approach to decision making and suggested there might be uses at a more technical level. The Treasury has not sought to take the issue any further.

## \$ falls to new low against the yen

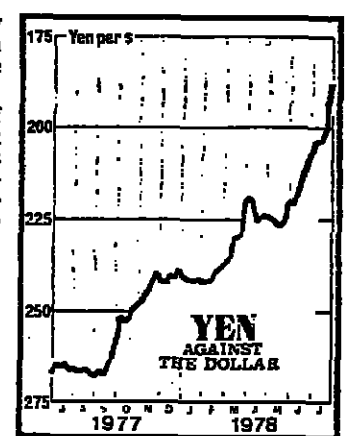
BY MICHAEL BLANDIN

THE DOLLAR fell to new low levels against the Japanese yen and the Swiss franc in exchange markets yesterday.

In thin and nervous end-of-month trading dealers reported that there were no new factors affecting the market, but the dollar remained under the pressure which had been evident since the Bremen and Bonn summit meetings earlier in July.

The dollar dropped to a record low of ¥183.45 in London dealing before closing at ¥183.50. The further decline followed earlier trading in Tokyo, where the dollar had closed at ¥180.80. The Japanese central bank, which intervened heavily in the markets towards the end of last week, was reported to have offered no further support yesterday for the U.S. currency.

Against the Swiss franc, the dollar fell at one point to SwFr 1.73 before picking up slightly to end at SwFr 1.7345, compared with SwFr 1.7525 on Friday. The pound met a little late



Yen deposit rules, Page 3

## South Africa to receive UN representative

BY JOHN STEWART

CAPE TOWN, July 31.

THE South African Government tonight indicated qualified acceptance of UN Security Council plans to transfer power to an independent Namibia in terms of a proposal formulated by the five Western security council nations.

As a first step, it agreed to receive Mr. Martti Ahtisaari, UN special representative, in the Namibian capital, Windhoek, within the next few days, and to await his report on how he plans to implement the proposals adopted by the Security Council.

However, a final decision to support implementation of the resolution would be withheld until it was satisfied that Mr. Ahtisaari's recommendations accorded with proposals accepted by South Africa in April. The Pretoria Government said that while it did not agree with the Western powers' justification for introducing the Walvis Bay issue, it had "noted certain clarifications" that they

do not regard this subject as part of their settlement proposals and that the resolution does not address itself to the legal status of Walvis Bay, nor does it in terms of a proposal to divide South Africa's legal position.

Clarification

South Africa repeated that it would not be prepared to negotiate with anybody on the basis of the Walvis Bay resolution and that no decision by the UN or any other body could deprive South Africa of the port. South Africa understands from the Western clarification that the issue of Walvis Bay will be dealt with at some time unconnected with any timetable. The future of Walvis Bay can be determined only in future discussions between the South African Government and the future government of South West Africa, the Pretoria statement said.

## Britain writing off £60m a year from Third World debts

BY DAVID HOUSEGO

THE GOVERNMENT is writing off repayments of up to £50m a year on outstanding debts of about £900m due from 17 of the poorest developing countries. It is the largest debt cancellation programme yet undertaken by a western donor nation.

The measure was presented in the House of Commons yesterday as an extension of Britain's aid programme by converting part of official loans into grants for those countries who now receive British aid in grant form. The Government continues to oppose generalised debt relief for developing nations.

Mrs. Judith Hart, Minister for Overseas Development, said the measure would involve no addition to the British aid budget, which is rising in real terms at 6 per cent a year. The measure covers countries with an income per head at 1978 prices of under \$280 a year, but excludes Uganda, Kampuchea (Cambodia) and South Yemen because of serious violations of human rights.

Final decisions have not been made on Ethiopia and Vietnam. Those excluded would account for a further £27m of outstanding debt, of which £18m is owed by Uganda.

The main beneficiaries of the measure will be India with £800m of outstanding debt at the end of 1978; Pakistan (£111m); Malawi (£32m); Sri Lanka (£25m); and Egypt (£19m).

As a result of the measure, the proportion of British aid tied to the purchase of British goods will rise. Officials said yesterday that the potential loss of jobs for British workers through temporary loss of export orders could be between 2,000 and 2,400, depending on the assumptions made.

Far higher estimates have been circulating in Whitehall, however. These caused the Cabinet to hesitate on a decision that has been in the air since February until Ministers were assured that the employment effect would be minimal.

Mr. Richard Luce, the Conservative spokesman on overseas development, said yesterday that while there was a strong case for helping the poorest nations with the least prospect of paying, the income per head classification was "a very crude measurement." He advocated a case-by-case approach.

"Because of the large amount of debt due from India that will be written off, the Government is having discussions with New Delhi to ensure that the extra funds generated will be used to finance the local costs of aid projects. In March industrialised nations agreed in principle to convert past loans for the poorest nations. But the measure is likely to be received coolly by most developing nations as they see it as making a marginal contribution to their debt problem. By the end of 1977 the total debts of developing nations is thought to have been about \$340bn. Parliament Page 8

## Weather

**UK TODAY**  
RAIN, heavy at times, in many areas; drier in N.  
London, Cent. S., S.W., S.E. E.  
Cent. N., England, Midlands  
S. Wales, Channel Isles  
Periods of rain, heavy at times; hill and coastal fog. Max. 17C. 18C (63F-66F).

**N. Wales N.W. England**  
Perhaps outbreaks of thundery rain. Max. 18C (65F).  
Isle of Man, S.W. Scotland.

BUSINESS CENTRES	Y-day	Mid-day	Y-day	Mid-day
Amsterdam	18	19	18	19
Antwerp	18	19	18	19
Bahran	18	19	18	19
Bombay	18	19	18	19
Buenos Aires	18	19	18	19
Calcutta	18	19	18	19
Canton	18	19	18	19
Cebu	18	19	18	19
Hankow	18	19	18	19
Hong Kong	18	19	18	19
Kobe	18	19	18	19
London	18	19	18	19
Lyons	18	19	18	19
Manila	18	19	18	19
Medan	18	19	18	19
Osaka	18	19	18	19
Paris	18	19	18	19
Rangoon	18	19	18	19
San Francisco	18	19	18	19
Singapore	18	19	18	19
Sourabaya	18	19	18	19
Tokyo	18	19	18	19
Yokohama	18	19	18	19

Glasgow, Argyll, N. Ireland  
Mainly dry. Max. 18C-20C (64F-68F).  
N.E. England, Borders, Edin-  
burgh, Dundee  
Outbreaks of rain or drizzle.  
Max. 14C-17C (57F-63F).  
Aberdeen, Cent. Highlands, N.E.  
Scotland, Moray, Firth, Orkney,  
Shetland  
Rain or drizzle at times. Max.  
13C-16C (55F-61F).  
N.W. Scotland  
Mainly dry. Max. 16C-17C (61F-  
63F).  
Outlook: Some rain, particu-  
larly in S.  
August outlook: Changeable,  
mostly rather cool. Rain above  
average.

HOLIDAY RESORTS	Y-day	Mid-day	Y-day	Mid-day
Alicante	18	19	18	19
Amalfi	18	19	18	19
Antalya	18	19	18	19
Bahia	18	19	18	19
Batumi	18	19	18	19
Bombay	18	19	18	19
Buenos Aires	18	19	18	19
Calcutta	18	19	18	19
Canton	18	19	18	19
Cebu	18	19	18	19
Hankow	18	19	18	19
Hong Kong	18	19	18	19
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Medan	18	19	18	19
Osaka	18	19	18	19
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Rangoon	18	19	18	19
San Francisco	18	19	18	19
Singapore	18	19	18	19
Sourabaya	18	19	18	19
Tokyo	18	19	18	19
Yokohama	18	19	18	19

## Continental sells Smurfit stake

BY MARGARET REID

CONTINENTAL GROUP, the U.S. can-making and packaging company, has disposed of a 21.3 per cent holding in the Dublin-based packaging concern Jefferson Smurfit.

The £18.4m deal is one of the largest recent sales of a block of shares.

The shares were placed with 45 British and Irish investing institutions at 181p a share, which compares with Friday's closing price of 206p.

Last night, Smurfit shares finished only 3p down on the day at 203p. The stockbroking firms Fielding Newton-Smith and Rowe and Pitman Hurst-Brown in London, and Dudgeon in Dublin, handled the placing.

Continental Group has had a commercial and shareholding relationship since 1962 with Smurfit, which has expanded rapidly in recent years from being essentially an Irish domestic company and has moved into other countries, including the U.S.

The holding now sold was mostly built up between 1963 and 1972.

The two companies said yesterday that "the thrust of

Smurfit's activities and its plans for overseas expansion have about nine-tenths of the shares just disposed of have gone to U.S. institutional investors and the rest to Irish institutions. The National Coal Board Pension Fund bought just over 5 per cent of the Smurfit ordinary capital, for more than £4m.

Smurfit said yesterday that it made this a favourable time to dispose of its holding in Smurfit, for the year to January 31, 1979, but that it was planned to raise the gross dividend to 12.5p a share, from 11p.

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## THE LEX COLUMN

## Coral's gamble for future profits

Index fell 2.7 to 489.4

Coral Leisure is capitalised at £33m. It has spent around £70m on diversifying into the hotel and holiday camp business over the past 18 months and had a £6m rights issue to boot. So marginally lower interim pre-tax profits of £7.5m looked decidedly uninspiring yesterday and the shares dipped 1p to 99p.

Coral is at pains to point out that its two main acquisitions, Centre Hotels and Pontins, have a very seasonal profit pattern. Centre Hotels earns around four-fifths of its profits in the second half and Pontins made a £1m loss after financing charges in the first six months. In the second half both operations should do substantially better. Centre could produce £5m pre-interest charges and Pontins between £2m-£3m. Knock off £3m of interest costs, say, and these two could chip in an extra £10m pre-tax this year.

It is still too early to pass judgment on the success of these acquisitions. Coral has diversified its profit base but, in the case of Pontins in particular, it paid a hefty price and it will be some time before it is possible to see just how much more profit it can squeeze out.

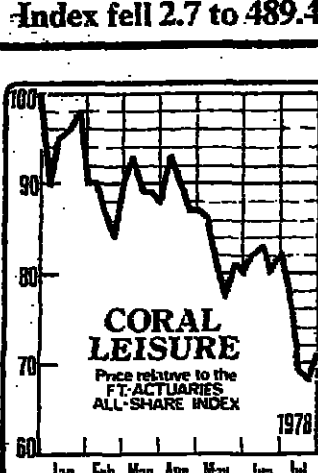
That leaves two main worries. Leaving aside the acquisitions, it appears that Coral's existing businesses did no better than mark time in the first half. Casinos were the weak spot, having produced over 50 per cent of last year's trading profits. Coral now faces the threat of markedly higher taxes in the wake of the Royal Commission. In common with Ladbroke last week it feels that a doubling of casino duty (knocking £1m off its profits) would be fair. But such sentiments seem unduly optimistic and the profits are likely to be hit far harder in the long term.

However, Coral's share price has notably underperformed the market lately and at 99p it is selling on a fully taxed multiple of just over 6 (assuming profits of £28m) and a yield of 9 per cent. Strip out the casino profits and the multiple rises to 10—and the dividend is still nearly twice covered.

Rothschild Inv.

Rothschild Investment Trust appeared to be the loser in its battles with Harrisons and Crosfield over the past two years or so. It unsuccessfully opposed

Index fell 2.7 to 489.4



the merger of the "three sisters" which created Harrisons Malaysian Estates; it failed again when resisting H and C's takeover of Harrods Investment Trust; and was defeated yet one more time in its consortium bid for London Sumatra. But there is no need to feel sorry for RIT. The latest accounts out today indicate that all these "failures" made for a £4m to £5m profit between March 31, 1977, and July 11 this year.

In all these cases, RIT had built up shareholdings before the action started. The trick has been either to provoke defensive bids or, as with London Sumatra, to make a bid itself and thereby draw attention to undervalued assets.

Airlines

Comforting news for passengers trapped in airports around the country: the airlines, at least, are having a very good time, in aggregate, the U.S. carriers have so far reported earnings of 130 per cent in the second quarter. And in the past few months such diverse companies as KLM, Alitalia and Japan Air Lines have all returned to the dividend list after absences of several years.

According to Capital International of Geneva, the international airline group was outperformed only by the gold mine sector in the league table of world share prices during July. In profits terms this is the third year of recovery from the low point of 1975 when, taken as a whole, the world's scheduled airlines lost money. Last year, radically alters its accounting policies in the International Air

Transport Association earned a record \$1bn or so. Higher disposable income in the U.S., together with the substantial new traffic generated by price reductions, have combined to transform the finances of what in both financial and operational terms is a very highly geared business. LATA is looking for a 10 per cent rise in total passenger traffic this year. For the U.S. majors, Wall Street is now expecting volume gains of 12 to 13 per cent and a rise of between 33 and 40 per cent or more in earnings this year.

This could mark the peak for the time being. Some analysts fear a slowdown in the U.S. economy next year which on past form would slice a great chunk out of the sector's earnings. However there seems to be a growing feeling that although the airlines will remain cyclical, the peaks and troughs will be higher than they have been recently. The argument is that capital constraints will limit capacity over the next decade — replacement spending by the U.S. majors is put at well over \$20bn by 1985 — and that management is anyway much more financially sound after the shocks of the past few years.

The bulls need to be right. Stocks like TWA have more than doubled this year, and the Capital International Airlines index is back to its high point of the early 1970s.

State companies

The contentious accounting policies of the nationalised industries appear to be stirring a few hearts in Whitehall. It seems that discussions are already going on among senior officials, including representatives from the Treasury and the Government Accounting Service. The aim of the talks is to achieve consistent financial reporting rules for the major state company accounts next year.

A conference of nationalised industry finance directors and Whitehall officials is on the cards at some stage though it is unlikely to be called before an October election. Meanwhile, the big accounting firms may care to note that one of the issues already identified for attention is the attitude of auditors when a state company radically alters its accounting policies in the International Air

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